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Stage Is Set for Jiang's Historic Visit to Japan

By Michael Laris
Washington Post Service

HUANGHUAYU, China — Yang Shishun was 9 years old in 1943 when he watched Japanese soldiers lock his grandfather and 51 other farmers into his family's home, surround the building with dried coconuts and set them ablaze.

"The old men were baked — charred," he said. Today, this village, which was all but wiped out by troops from the Imperial Army, owes its livelihood to Japan. Last year, Mr. Yang and his neighbors earned up to \$1,000 per household, a princely sum in China, growing meaty chestnuts for export, mostly to Japan.

The relationship between Asia's two giants is as simple — and as complex — as chestnuts and blood. It is this interplay between the indelible memories of Japan's massacres in China from 1937-1945, which left millions dead, and today's trade ties, which

enrich millions, that defines their often-troubled relationship.

On Wednesday, President Jiang Zemin will become the first head of the Chinese government to make a state visit to Japan. The summit's most important order of business is for Prime Minister Keizo Obuchi to issue an official apology directly to Mr. Jiang for Japan's invasion and occupation of China during World War II, observers said.

As of Tuesday, negotiators were still haggling over the wording. The Japanese Foreign Ministry said that both sides were still discussing "various issues," while China's official New China News Agency bluntly called on Japan to "admit the aggression."

An apology to Mr. Jiang would be a far more significant act than Obuchi's expression of "remorseful repentance and heartfelt apology" to South Korea's president, Kim Dae Jung, last month. This is because China is not just a past victim of Japanese

aggression, but it is now a rival to Japanese power in Asia. Millions of Chinese openly admit to hating Japan for what it did to China in the past, and Japanese officials privately acknowledge a deep fear of China for what it could do to Japan in the future.

Although Prime Minister Tomiichi Murayama issued an apology in August 1995, the socialist leader was not seen to represent Japan's more conservative political establishment, and his comments were not included in an official joint statement, which is what Beijing has demanded.

Experts say a mutually acceptable statement would be an important step toward reducing the distrust that has bedeviled ties between Tokyo and Beijing since Japan recognized Communist China in 1972. They note it is significant that Mr. Jiang will attend a summit in Japan at all. "It's a major effort for China

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U.S. Economy Posts Surprising Growth

3.9% Expansion Seen Leading To Strong 4th-Quarter Showing

Compiled in Our Staff From Dispatches

WASHINGTON — U.S. economic growth rebounded strongly over the summer, the government reported Tuesday, as consumers, shrugging off turmoil in world financial markets, helped sustain a remarkable expansion.

At the same time, in a worrying sign for investors, corporate profits fell sharply in the third quarter, raising questions about one of the underpinnings of the stock-market rally. That caused the Dow Jones industrial average, which soared to a record Monday, to drop 73.12 points to close at 9,301.15. The Standard & Poor's 500 index was down 5.20 points at 1,182.99, and the Nasdaq composite index was down 11.10 points at 1,966.32.

The Commerce Department said gross domestic product, the sum of all goods and services produced within U.S. borders, surged at a robust 3.9 percent seasonally adjusted annual rate in the July-to-September quarter. That was up from 3.3 percent originally estimated.

"The key message from these numbers is that fourth-quarter growth is set to be strong," said Ian Shepherdson, chief U.S. economist at High Frequency Economics. "Three percent growth is a real possibility."

As has been the case all year, growth in the third quarter was driven by consumers. The Commerce Department said that consumer spending, the largest single component of gross domestic product, accounting for two-thirds of all economic activity, grew at a 4.1 percent rate in the third quarter, up from a previous estimate of 3.9 percent.

Spending on durable goods rose 2.4 percent in the quarter, the government said, a sharp upward revision from the previous estimate that spending on durables was unchanged.

In a sign that shoppers will continue to do their part to keep the economy powering ahead, the Conference Board reported Tuesday that its index of U.S. consumer confidence rose to 126 points in November, rebounding from an 18-month low of 119.3 in October.

However, in its first look at third-quarter corporate profits, the Commerce Department said after-tax earnings fell 1.8 percent, to a seasonally adjusted annual rate of \$473.2 billion. Profits were down 6.2 percent from the corresponding quarter a year ago.

The department's GDP report suggested that as companies grew worried about profits, they were slowing their spending on new equipment. Such outlays fell 1.2 percent in the third quarter.

But that was offset by stronger-than-expected exports.

The government said net exports of goods and services subtracted \$8.7 billion, or 0.4 percent, from GDP growth in the third quarter, much less than the \$17.3 billion, or 0.8 percent, estimated in the initial report.

"We could be seeing a bottoming out" in the trade deficit, said Veronika White, an economist with First Union Corp. in Philadelphia. "That's not to say it's over, but the continued deterioration may be behind us, and net exports may not be as much of a drag on economic activity."

If consumer spending continues to increase, the current period of economic growth, which started in April 1991, will in January exceed the 92-month expansion of the Reagan era in the 1980s. The only longer expansion, between 1961 and 1969, coincided with the buildup for the 21st century.

Her finding removed what could have been a major hurdle facing Mr. Gore, as he moves closer to seeking the Democratic presidential nomination in 2000.

It was sure to anger some Republicans, who have bitterly criticized Ms. Reno in the past for declining to seek an investigation of alleged Democratic fund-raising abuses.

She said Tuesday that her decision did not end the Justice Department investigation of the fund-raising allegations, which began two years ago. During the just-ended 90-day inquiry, the attorney general sought to determine whether Mr. Gore had misled FBI investigators about the intended use of funds he raised in 45 telephone calls from the White House.

Ms. Reno faces another important deadline: She has until Dec. 7 to decide whether to seek an independent counsel to pursue separate allegations that Pres-



WEEKLY INTERNATIONAL PERSPECTIVE

Lords Face Downsizing In Labour's New Britain

By Warren Hoge
New York Times Service

LONDON — Among the surnamed were the Silver Stick in Waiting, Maitreya Herald Extraordinary, Black Rod, Portcullis Pursuivant, the Crown Equerry and the Gentleman Usher of the Sword of State.

Casualties of an effort by Buckingham Palace to slim down the grandest occasion of the British ceremonial calendar short of a coronation or a royal funeral, they were not in their accustomed places Tuesday during the State Opening of Parliament.

Many others who were seated before Queen Elizabeth this time probably won't be in their places next year. In the "lost noted passage" of the Queen's speech, the traditional recitation of government plans for the new legislative session, the hereditary peers bowed down to the sovereign herself that a practical government goal for the next year was the removal of their right to sit and vote in the House of Lords.

One didn't need to note their eminently capped scarlet robes to spot them. They were the lords who kept a stony silence while members of the Labour-dominated House of Commons standing behind them bellowed their approval at mention of the reform.

Whatever degree of flesh was lost from the pageant by the decision to downsize was glitteringly compensated for by the wives of the dukes, earls, marquesses, viscounts and barons, appearing in larger numbers than anyone.



Politicians attending the funeral of Miss Starovoitova on Tuesday included several prominent politicians.

A Russian Democrat Is Laid to Rest

By Daniel Williams
Washington Post Service

ST. PETERSBURG — The democracy pioneer Galina Starovoitova was buried Tuesday in a somber funeral tinged with fears that democratic politics in Russia is locked in a life-and-death struggle.

Thousands of mourners waited for up to five hours in metallic cold to enter the imperial hall where her coffin lay in state. Beneath the glittering chandeliers indoors, the mood was both fearful and defiant. Eulogizers warned that her murderers aimed to derail democracy.

Miss Starovoitova, 52, was killed by waiting gunmen who ambushed her Friday night at the doorstep of her apartment.

Her prominence in national politics — she was by far the country's leading woman politician — was enough to ensure

outrage and despair. Coming on top of an economic depression, vicious political battles, military disintegration, the killing reinforced the feeling that Russia is coming unglued.

Though hideous crimes and rampant corruption have plagued the country since the breakup of the Soviet Union, the news of Miss Starovoitova's assassination unleashed fresh uncertainties: If she can be killed, who cannot? Who is next?

At the funeral, deep divisions in Russia's society were starkly apparent. It proved impossible for politicians across the political spectrum to put aside differences and mourn together for a nationally known legislator.

Present were several prominent politicians who began their activism during Russia's march to democracy in the waning

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Palestinians Cheer Their Own Airport

By Deborah Sontag
New York Times Service

DAHANIYAH, Gaza — Palestinians celebrated the long-delayed opening of their new international airport with euphoria on Tuesday as a parade of planes swooped down from colony skies and glided in a red-carpet welcome in the flatlands of Gaza.

With brass bands, bagpipes and grandiloquent rhetoric, Palestinians made it clear that they see the sleek, modern airport as the most concrete symbol yet of their fledgling sovereignty. The high emotion and

pageantry Tuesday stood in stark contrast to the muted response to an Israeli withdrawal from the West Bank last week.

"This is my day of great joy as a Palestinian refugee," said Ahmed Abu al-Rahman, the general secretary of the Palestinian cabinet. "I am standing on Palestinian soil and I have an airport. This is our path to the independent Palestinian state."

A potential economic lifeline to the depressed Gaza Strip, the airport was completed more than a year ago with about \$60 million in grants from

Egypt, Morocco and Spain and other European Union countries. But its fate became mired in the stalled peace talks until the peace memorandum signed in Washington last month provided a breakthrough.

With 400 employees, the airport will open for business next week. Royal Air Maroc is expected to begin Gaza-Casablanca service. And the Palestinian National Airline will start routes to Amman, Cairo and Jidda, flying three planes — two Fokker 50s donated by the Netherlands, and a 20-year-old

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Bad Year in AIDS Fight As Infections Soar 10%

By Lawrence K. Altman
New York Times Service

NEW YORK — AIDS virus infections worldwide have risen 10 percent in the last year, showing a disturbing lack of progress in prevention nearly 20 years into the epidemic, the United Nations AIDS Program in Geneva said in a report issued Tuesday.

The document, made public ahead of World AIDS Day on Dec. 1, also reported that the spread was largest among young people and that more women were becoming infected.

Every minute of the year, 11 men, women and children contracted HIV, the deadly virus that causes AIDS, bringing the worldwide total to 33.4 million people, up from 27.6 million a year ago, the report said. All but 5 percent of the infections occurred in Asia, Africa and Eastern Europe.

Half of the new infections — nearly 3 million — were among those between the ages of 15 and 24, the age when most people become sexually active. Because it is also a time when they are at their peak productive and reproductive years, AIDS is causing economic devastation in many countries.

[Carol Bellamy, executive director of the United Nations Children's Fund,

said at a news conference Tuesday in London that "those numbers are framed by one terrible, inescapable fact: that it is young people up to the age of 24 who are bearing the brunt of the casualties," Reuters reported.

"The virus is already wiping out, almost at a stroke, the substantial reductions in child mortality that were achieved in the 1980s and the first part of this decade — and AIDS is well on its way to producing tens of millions of orphans," she said.

The number of children orphaned by AIDS is also rising dramatically. "This is gloomy news," said Dr. Peter Piot, head of the UN AIDS Program.

He said the 6 million new cases and the 2.5 million deaths this year represented a collective failure because more was known now about prevention and protection than ever before.

Women are reaching an unwelcome equality with men in HIV infections, the report said. Women now account for 4.3 percent of all HIV-infected people over 15 years, a rise of 2 percent over the preceding year.

"There are no indications that this trend will reverse," Dr. Piot said.

One in 10 new infections among

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AGENDA

Bank Takeover Bid Stirs German Fears

Deutsche Bank AG's move to buy Bankers Trust Corp. awakened new fears Tuesday of lost jobs at home and widened a split between corporate Germany and Bonn's leftist government. Critics say Bonn has failed to adapt the nation to the global economy. Page 21.

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Nowstand Prices:
Andorra 10.00 FF Lebanon 11,300
Antilles 12.50 FF Morocco 16 Dh
Cameroun 1,600 CFA Qatar 10,000 QR
Egypt 12.50 FF Réunion 12.50 FF
France 10,000 FF Saudi Arabia 10 SR
Gabon 1,100 CFA Senegal 1,100 CFA
Italy 3,000 Lira Spain 250 Pesos
Ivory Coast 1,250 CFA Tunisia 1,250 Dinars
Jordan 1,250 JD U.A.E. 10,000 Dirhams
Kuwait 700 Fils U.S. M.L. (Ecu) \$1.20

AT&T logo

The School Gap / Americans Are No Longer the Standouts**Other Nations Edge Past the U.S. on High School Graduation Rates**By Ethan Bronner
New York Times Service

NEW YORK — A major new international study shows that substantial recent progress in the industrialized world has pushed graduation rates by high school students beyond rates in the United States for the first time. For generations, the highest graduation rates in the world have been American.

The report, released by the Organization for Economic Cooperation and Development in Paris, which helps coordinate policy for 29 of the richest countries, reports that, in 1990, for example, the average number of years an American 5-year-old was expected to attend school was the world's highest, 16.3. In 1996, the latest year for which data was available, the American score was 16.8, but 11 other countries, including Canada, Spain and Finland, had surpassed that number.

The report offers far more data than analysis, but it suggests that growing emphasis in other countries on high school graduation is a result of "the desire of employers to have better skilled workers and, hence, from individuals who see that educational qualifications improve their life chances."

The report found that the United States devoted a smaller percentage of its national income to teacher salaries than other countries.

The United States remains on top in the percentage of students who enter college, but a pattern similar to high school graduation rates is emerging.

"Entry rates to college education in the U.S. are still the highest in the OECD but that is likely to change soon," said Andreas Schleicher, principal administrator at the OECD and one of the study's authors. "While enrollments in the United States remained relatively stable between 1990 and 1996, they increased by more than 25 percent in 16 OECD countries."

He added that the United States also has one of the highest university dropout rates in the industrialized world — 37 percent.

The report was the fifth such study issued by the or-

From Top of the Class to the Bottom

Comparing the United States with nine other selected countries.

In the 1950s, the U.S. high school graduation rate was approximately 95 percent, earning a diploma among the highest in the developed world.

But in the 1980s, other countries moved into the top rank ...

... and now the U.S. is falling behind.

Finland, Norway, Poland, South Korea, Czech Republic, France, Germany, Canada, Ireland, United States

Czech Republic, Germany, United States, Norway, Canada, Finland, Poland, South Korea, United States, France, Ireland, South Korea

Source: "Education at a Glance: OECD Indicators 1998," Organization for Economic Cooperation and Development

ganization since 1991, when it started examining educational trends in member countries. Mr. Schleicher said that over the last three years the report has been the OECD's best-selling publication.

He said other nations in his organization had placed enormous emphasis on improving access to education, bringing them in line with and surpassing American achievements.

The shifting balance is likely to cause concern in the United States, because the quality of American education has been the focus of growing attention and debate for 10 to 15 years.

"I think we should be quite alarmed by this," said Gerald Graff, professor of English and education at the University of Chicago, who is writing a book on what he considers the

dangerous gap between the thinking classes in America and the rest of the society. "We've never fully committed ourselves to the democratic idea of education. There is a kind of silent bargain between schools and many of its students that says, 'We'll leave you alone if you just sit there and don't bother us.'

Earlier this year, the results of a mathematics and science test of 12th graders in many countries showed the United States to be among the least knowledgeable. Earlier tests showed the lowest 25 percent of 8th graders in Japan and South Korea to outperform the average American student.

The report shows that Americans between the ages of 55 and 64, who graduated high school some 40 years ago, have a graduation rate of 77 percent, the highest in the OECD. Among those aged 24 to 34, who graduated about a decade

ago, the United States slipped to eighth in terms of graduation rate. Today's graduation rates, with the United States at 72 percent, place it second to last in the 29-nation group, above Mexico.

It seems unlikely that the shift reflects higher standards for graduation in the United States because comparisons of adult literacy rates in the study show Americans to be among the industrialized world's least literate populations.

According to the report, the United States' expenditure per pupil is still among the highest in the group at all levels of education. It particularly stands out in the way it has brought the private sector into college and university education, leading the way in a growing international trend, according to Mr. Schleicher.

"Across the OECD, students in both public and private colleges are being asked to pay more for their education," he said. "Unlike in the United States, however, this spending has, in many countries, supplemented rather than displaced public spending on education."

But while the United States spends a great deal on education in absolute terms, its expenditure is about average when examined as a percentage of gross domestic product. Moreover, teacher pay viewed through the same lens shows the United States to be among the lowest, while demands on teacher time in class are among the highest.

AND EXPERIENCED high school teacher in the United States earns 1.2 times the gross domestic product per capita. Among the 29 OECD member states, only the Czech Republic, Hungary and Norway pay their high school teachers less when measured as a percentage of their GDPs. In Germany, Ireland, South Korea and Switzerland, among others, teachers earn twice or more of the GDP per capita. Moreover, the average teacher salary in the United States is significantly below that of other university graduates; in many other countries, like Australia, France and Britain, it is above it.

However, the amount of time a typical middle school teacher in the United States spends in front of a classroom per year is 964 hours, among the highest in the OECD, the report says.

California Dreams of Excelling at School**Riding a Wave, Next Governor Vows to Succeed Where Others Have Failed**By William Booth
Washington Post Service

LOS ANGELES — Plenty of California baby boomers remember what they call "the golden age," when public schools were shiny new and filled with textbooks, when test scores were high and so were teacher salaries, when a California education was the envy of the nation.

Those days are long gone. The largest state school system in the United States now consistently ranks among the worst. Some high school seniors do not have the skills to secure entry-level jobs as telephone operators.

As a result, voters in California, like their frustrated counterparts around the country, are screaming for a major education overhaul. Election Day polls found overwhelming concern about schools, outrunning worries about crime, the environment, abortion rights and the economy. In his victory speech on election night, Gray Davis, the Democratic governor-elect, made two promises — and one was to return California schools to "greatness."

In elections in Wisconsin, Michigan, Florida and Texas, as well as California, successful governors and state legislators pledged to voters to make their schools better. And while demonstrating concern about education is standard operating procedure in political campaigns — with the ubiquitous video of the candidate surrounded by schoolchildren — this time, the voters might actually demand real reform and improvement. Or else.

As the president of the National Education Association, Robert Chase, put it in editorials after the election, "It's the schools, stupid." What also makes the issue politically hot is that neither Democrats nor Republicans own it.

In Texas, Governor George Bush wants to be known as the education governor. So does his brother, Jeb Bush, a fellow Republican and governor-elect of Florida. And so does Gray Davis.

A look at their proposals and reforms, moreover, shows that Democrats and Republicans are largely working from the same blueprint of common-sense reforms, though they are divided by contentious issues such as school vouchers (beloved by Republicans) and teacher salaries and accountability (Democrats are the traditional allies of teacher unions, which support higher pay and resist more accountability).

The public, however, does not seem to care about the details. "What they want is results," said Mark DiCamillo, a pollster with the Field Institute.

Mr. Davis promises to call a special session of the California legislature the day of his inauguration to deal with nothing but school reform and improvement in January.

Californians were shocked to learn that of the 40 states participating in the most recent National Assessment of Educational Progress tests, fourth-graders in California tied for last place, with Louisiana, on reading.

Half of the high school graduates from California who enter the California State University system need remedial classes in math and writing — and those students were among the top third in their high school classes.

Then this: The Los Angeles Times reported that Pacific Bell needed to screen seven high school graduate job applicants to find one who had the math and language skills to be a telephone operator.

During the so-called Golden Age in the mid-1960s, California's per-pupil expenditure was

fifth in the nation. Today, it is 37th.

Fingers point to the passage in 1978 of Proposition 13, which placed a cap on the property taxes that finance the schools, marking the end of the Golden Age.

Voter initiatives since then have expressed a will to reinvest in the schools. In 1988, voters here passed Proposition 98, which mandates that 40 percent of the state budget go to education. This last Election Day, California voters also approved the largest education bond issue in history for construction and repair of decaying schools — about \$9.2 billion.

One of the ironies of the call for education reform is that the Republican governor, Pete Wilson, in the last three years of office actually made education reform a high priority. He is credited even by his enemies with passage of some of the most popular fixes.

With state coffers overflowing with budget surplus, Mr. Wilson either initiated — or appropriated and made his own — some of the first major reforms in years.

HE REDUCED class sizes in kindergarten through third grade to a maximum of 20 students per teacher, ended the "social promotion" of failing students and pushed for money for remedial help for lagging students. He lengthened the school year to 180 days. Under his leadership, California taxpayers spent about \$24 billion on education fast year.

Mr. Wilson's appointed members of the California State Board of Education set standards for what every pupil should learn by each grade and demanded that students be taught to read using more traditional phonics. Mr. Wilson also pushed through the first statewide achievement tests in years and insisted —

against strong resistance by teachers unions and others — that every student be given the test in English, even if he is not competent in the language.

"The tests are the hammer," said the secretary of education under Mr. Wilson, Marian Bergeson. But she said the administration failed in its attempt to introduce more accountability, or a way to reward and punish school administrators and teachers in failing schools by transferring them or withholding raises.

The educational bureaucracy, and the teachers and their unions, waged constant warfare with Mr. Wilson over accountability and salaries. An elementary school teacher in Cali-

fornia makes on average \$41,792, the eighth-highest pay in the nation. High school teachers make about \$2,000 more.

The teachers resisted some of Mr. Wilson's reforms because he earmarked money for special programs, thereby taking money off the bargaining table that could have increased teacher salaries.

Mr. Davis has suggested that he would like to see the bottom 5 percent of schools partnered with educators from California universities to improve performance and scores.

But it is an open question how Mr. Davis will reward or punish schools and teachers whose students do not perform.

TRAVEL UPDATE**Europe Trains Normal**

PARIS (AP) — Train service was returning to normal Tuesday after a massive one-day strike by rail workers in six countries of the European Union brought traffic to a standstill in parts of Europe for more than 24 hours.

The French national train company, SNCF, said traffic was running smoothly Tuesday throughout most of the country. Belgian train service was also back to normal. In Greece, Hellenic Railways said trains were reporting some delays because of bad weather. The strike had little impact in Spain and Portugal.

European rail unions called the strike Monday in France, Belgium, Greece, Spain, Portugal and Luxembourg to protest the EU's plans to open state-owned railroads to competition.

Public transport was disrupted Tuesday in Athens as streetcar drivers staged rush-hour strikes to protest legislation to streamline debt-ridden concerns. On Wednesday, the Greek capital's subway will shut down because of a one-day strike. (AP)

Irish commuters faced long delays Tuesday after an unofficial strike by train drivers. Several hundred drivers called in sick to protest the lack of progress in talks to restructure the national rail company, Irish media said. (Reuters)

Nepal's first passenger cable car began ferrying pilgrims Tuesday to Manakamana Temple, one of the country's most popular temples. About 2,000 devotees made the trip on the first day of service to the temple, 110 kilometers (75 miles) west of Kathmandu. (AP)

Blizzards and Bitter Cold Raise European Death Toll Above 130

Compiled by The Associated Press

BUCHAREST — Cold weather and blizzards sweeping parts of Europe

claimed new deaths Tuesday, putting the known death toll above 130 as the Continent remained in the grip of sub-zero temperatures.

Conditions were grimnest in the Balkan region, but Western Europe also remained bitterly cold — the most severe cold in 40 years in some regions.

Romania has so far been worst-hit by the cold, with 60 deaths in the past few days, including 24 overnight Monday. Poland has reported 41 cold-related deaths, and dozens more have died in Russia. France reported 8 deaths linked to cold weather, and deaths in Bulgaria and Italy accounted for the rest.

There was no sign of immediate improvement in northern Italy, where temperatures in the region near Venice sank to minus-14 centigrade (7 Fahrenheit), and winds of 115 kilometers per hour whipped the Adriatic port of Trieste through the weekend.

Blizzards swept across Romania's southeast Tuesday and temperatures plunged to minus-10 centigrade in the predawn hours. Dozens of villages had no electricity and 300 communities were without telephone lines, the Me-diafax press agency reported.

The Romanian deaths were concentrated in the east of the country. Eleven victims, most of them homeless, died of hypothermia. The rest died in road accidents caused by ice or snow.

Snow fell all day in the Romanian capital, Bucharest, closing Baneasa airport, which handles mostly domestic

flights but lacks sophisticated clearing and de-icing equipment. Flights were diverted to the city's main Otopeni airport and several departures were delayed. Dozens of trains were canceled.

There was little evidence of snow removal on city streets. Many were coated with ice and barely passable for either motorists or pedestrians.

Heavy winds kept all Romanian Black Sea ports and the river Danube channel closed for a fourth day.

Electricity and water supplies were subject to interruptions in hundreds of villages in southern Romania and across the Danube River in Bulgaria.

In Poland, where temperatures have fallen as low as minus-26 centigrade, two people were found dead overnight and three bodies were recovered on Tuesday, bringing the country's death toll to 41, the police said. Most of the victims there were homeless alcoholics.

Romania began sending emergency power supplies to Moldova, its ex-Soviet neighbor to the north, after its deputy prime minister had come to Bucharest seeking help.

The cold has compounded a crisis in Moldova provoked by the plunge of the Russian ruble. Homes in the capital, Chisinau, are barely heated, and some villages were getting power for only 12 hours a day.

In France, the death toll rose to eight after four more bodies were recovered during the night. An emergency telephone hotline drafted more staff after reports that the homeless had difficulty getting through to be sent to shelters.

Forecasters predicted a respite later in the week.

Officials in Italy's northwestern Liguria region said the weather was the coldest in four decades. But winds subsided somewhat Tuesday, allowing stranded ships to resume their journeys. Officials also said ice and fallen trees had slowed traffic. (AFP, Reuters, AP)

WEATHER

Forecast for Thursday through Saturday, as provided by AccuWeather

Europe

High Low W H C F G

Austria 18.6° 15.2° 10.9° 10.5° 10.5°

Belgium 18.2° 15.7° 12.8° 12.7°

Bulgaria 18.0° 15.7° 12.5° 12.4°

Denmark 18.0° 15.4° 12.5° 12.4°

Finland 17.8° 15.2° 12.3° 12.2°

France 17.6° 15.0° 12.1° 12.0°

Germany 17.4° 14.9° 12.0° 11.9°

Greece 17.2° 14.7° 11.8° 11.7°

Hungary 17.0° 14.5° 11.6° 11.5°

Iceland 16.8° 14.3° 11.4° 11.3°

Ireland 16.6° 14.1° 11.2° 11.1°

Italy 16.4° 13.9° 11.0° 10.9°

Latvia 16.2° 13.7° 10.8° 10.7°

Lithuania 16.0° 13.5° 10.7° 10.6°

Luxembourg 15.8° 13.3° 10.6° 10.5°

Netherlands 15.6° 13.1° 10.5° 10.4°

Norway 15.4° 12.9° 10.3° 10.2°

Portugal 15.2° 12.7° 10.2° 10.1°

Romania 15.

ASIA/PACIFIC

Jakarta Vows To Investigate Reports of Timor Killings

New York Times Service

JAKARTA — Indonesia's National Commission on Human Rights will investigate claims that soldiers executed as many as 50 East Timorese earlier this month in a military operation against armed rebels in the troubled province, a senior government official said Tuesday.

Marzuki Darusman, deputy chairman of the rights panel, said a senior commission member would investigate allegations of extrajudicial executions and arbitrary arrests carried out by the armed forces from Nov. 10 to 16 in the sub-district of Alas on East Timor's southern coast.

"We're planning on sending Mr. Clementino Amaral to look into this. He'll be doing the investigating — he'll be doing it almost immediately," Mr. Darusman said, adding that he believed the death toll was less than 50.

Clementino Dos Reis Amaral is a commission member from East Timor.

Citing "very reliable sources," the former Portuguese governor of East Timor, Mario Carrascalao, said Tuesday that 42 people had been executed, more than 40 had been wounded and that 200 others were missing in the Alas area.

Mr. Carrascalao said he was prepared to go himself and investigate the allegations. He claimed the area where the killings had occurred was also a site for resettlement of Javanese under a government resettlement program.

"The area of Alas is closed to anyone from outside," he said in Jakarta. "The only way to know the real truth is for the government to send a mission from Jakarta. I'd be prepared to do that. I'd like to know the real truth about what happened."

Portugal suspended UN-brokered talks with Jakarta on Friday after the first reports that civilians had been killed in an area where guerrillas are active. Mr. Carrascalao said the talks were scheduled to resume Tuesday in New York.

The Australian-based East Timor Human Rights Center released a report Tuesday claiming the Indonesian military had executed 50 East Timorese and arrested 30 others, including 2 teenage girls. It named 14 of those killed and expressed grave fears for the safety of the detainees.

The killings and arrests in the Alas subdistrict have followed the recent buildup of Indonesian troops in the area. It is believed ABRI forces launched the operation in Alas in retaliation for an attack on Nov. 9, the report said, a copy of which was received by The New York Times. ABRI is the Indonesian acronym for the army.

Rebels belonging to the East Timorese Armed Resistance had killed 3 Indonesian soldiers and taken 13 captive, 11 of whom had since been released, the report added.

According to sources at the Australian group, the Indonesian military forces responsible for the operation included personnel from the elite Marines, Kopassus special forces and units of East Timorese recruited into the Indonesian military.

To protest the killings, as many as 2,000 East Timorese students continue to occupy the local Parliament building in the Timorese capital, Dili, following demonstrations outside the building on Monday.



Students demanding the ouster of the army's commanding officer, General Wiranto, marching Tuesday toward the presidential palace in Jakarta.

BRIEFLY

Christians in India Condemn Attacks

NEW DELHI — India's tiny Christian community sent an open letter to the country's 950 million people Tuesday, voicing its "deep sense of pain and anguish" at attacks by Hindu zealots.

Releasing the letter, Archbishop Alan de Lastic, chief of the United Christian Forum for Human Rights, said, "These attacks are damaging to the social fabric of the country, more so when they are committed on women." He added that the level of violence directed at Christians in 1998 was higher than at any time since India's independence from British rule in 1947.

India's Hindu nationalist-led coalition government hotly denied the archbishop's accusations, saying its policies on religious minorities in overwhelmingly Hindu India were evenhanded.

Activist Says China Bars Election Run

BEIJING — A longtime democracy activist who tried to run in a local Chinese election said Tuesday that authorities put an end to his campaign.

Workers who nominated He Depu as a candidate for the Chaoyang dis-

trict legislature in Beijing were told that their voting area was being redrawn and that the nomination was invalid, the dissident said. (AP)

Pakistani Scientist Backs Test-Ban Pact

ISLAMABAD — Pakistan's top nuclear scientist, Abdul Qadeer Khan, said Tuesday he saw no objection to his nation's signing the 1996 Comprehensive Test Ban Treaty.

But if Pakistan were to sign a Fissile Material Cutoff Treaty, which is yet to be negotiated under the United Nations aegis, it would affect the country's nuclear capability, he said. (AP)

Anti-Terror Officials Shot At in Karachi

KARACHI, Pakistan — Two gunmen on a motorcycle Tuesday shot at two Colombian experts and a United Nations Development Program official who were in Karachi to advise the authorities on fighting terrorism, police sources said.

Dario Barboza and Edgar Suarez, who belong to a law and order commission in Colombia, and a UN official, Paul Oquist, were traveling in an armored vehicle and escaped un-

hurt, the sources said. (AP)

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Japan Fails to Curb Child Porn on Web

The Associated Press

TOKYO — Hundreds of pornographic images of children flood Internet sites with addresses ending in ".jp," a tip-off that they originate in Japan and that there is nothing officials can do about it.

With no laws explicitly banning child pornography, Japan has become the global leader in the fast-growing Internet child pornography business.

Japanese police say there are about 1,200 commercial child pornography Internet sites in Japan. Some feature photos of children from Japan, others of Southeast Asian children.

Keiji Goto, an official at the National Police Agency, said police were frustrated by cases in which they identified the source of a pornographic site but were unable to take further action.

Because Japan has no law on child porn, officers must apply the general criminal code on pornography — which is vaguely worded, but defined as

material as including material depicting sexual organs.

Most child-porn sites skirt that law by using images that show abuse or torture of children without directly showing sexual organs.

A bill to outlaw child pornography, on and off the Internet, was submitted to Parliament this year, backed almost entirely by female legislators. But the bill has not made it onto Parliament's agenda and is not likely to come up for consideration soon.

"No nation that values democracy and freedom should condone child pornography," said Mayumi Moriyama, a former cabinet minister who is behind the bill. "We must pass the law for the honor of Japan."

Activists say the root of the problem lies in the lack of sensitivity among Japanese to children's and women's issues.

Nude photos of women and sexual drawings are routinely carried by tabloid

newspapers that are read by men in public, often on commuter trains in plain view of children and women.

"People need to realize that Japan is being targeted as a major problem by the international community," said Junko Miyamoto, head of a group that has been working for six years to ban child pornography. "The situation is totally out of control."

Carol Simola, coordinator for the U.S. branch of the group End Child Prostitution, Child Pornography and Trafficking of Children, said that because of the reach of the Internet, Japan has a responsibility to the world to crack down.

"We are affected by Japan's laws. The Internet has changed the field," she said. "We're absolutely outraged by how easy it is to get."

Donald Huycke, a U.S. Customs agent, said he gets four or five complaints a week from American groups about Japanese child porn sites on the Internet.

SUMMIT:

Jiang's Historic Visit

Continued from Page 1

to send its top leader," said Ezra Vogel, director of Harvard's Fairbank Center for East Asian Research and a former Clinton administration intelligence official.

"China in the old world order was the center of the universe and expected envoys to come to China," Mr. Vogel said. "Now they are sufficiently at peace that the head of China is willing to go to Tokyo. It's a recognition of a very different world order for China, different from during wartime or during the Cold War."

But hostility still runs deep.

Chinese, from young professionals to the elderly farmers of Huanghuayu, routinely refer to Japanese as "devils," and Japan fuels this fire because it often appears unwilling to deal with its brutal past. For example, the Nanjing massacre, in which at least 200,000 civilians and unarmed soldiers were killed and tens of thousands of women were raped, is barely covered in Japanese textbooks.

"Japan has never completely abandoned its militaristic past in the same way as Germany has with the Nazis," the Chinese foreign minister, Tang Jiaxuan, said last week. "If it were to do so, China and other Asian nations would not have to keep reminding Japan of history so often."

Improved relations also will depend on how Mr. Jiang and Mr. Obuchi address a series of other sensitive issues, among them economic ties, Japan's security alliance with the United States and policy on Taiwan.

With \$63.8 billion in trade last year, Japan is China's top trading partner. But trade is forecast to shrink this year for the first time since 1990 because of the Asian economic crisis. China has criticized Japan for not doing enough to pull itself out of recession and aid the region's other ailing economies, while Beijing has held itself up as a model because it has not deviated from its currency.

Last week, China announced a \$5.5 billion package to aid the region's economies, and said a U.S. and Japanese pledge of \$10 billion should have been made long ago.

On Taiwan, China wants Japan to follow the lead of the United States. In June, President Bill Clinton declared in Shanghai that the United States does not support Taiwanese independence, one Taiwan and one China, or Taiwan's membership in international organizations that require statehood — a formula known in China as the "three no's."

Japan has rejected China's demand to issue a joint declaration on this issue.

Even less likely to succeed is China's

attempt to push Japan into stating that Taiwan will not be defended by any joint defense agreement with the United States.

"The three no's are not enough. I think Japan should say four no's," said Liu Jiayong, director of the northeast Asia division of the China Institute of Contemporary International Relations. "They should say: 'The U.S.-Japan Security Alliance does not include Taiwan.'"

Another touchy issue is missile defense. The United States and Japan are negotiating a plan for Japan to participate in the creation of a missile defense network for the two nations and possibly other parts of Asia. China has been a vociferous critic of this proposal because missiles are China's main offensive weapon. Chinese officials reject Japan's argument that the main target of this potential defensive shield would be North Korea, which on Aug. 31 fired a missile over Japanese territory.

But for all the realpolitik, it is the memories and the pocketbooks of people like the farmers of Huanghuayu village in eastern Hebei Province that frame Chinese-Japanese relations.

With flames engulfing his family home during the Japanese occupation, Yang Shizhun was pulled to safety over a wall by his mother and grandmother. His father had been killed five months earlier in a previous Japanese massacre, and his mother later provided for the family by begging. Now, Mr. Yang is supported by Japan's appetite for chestnuts.

"The nation can't forget the events of the past," said Mr. Yang. But "mutually beneficial things are not connected to that stuff. If you recall those times, there's no way to do any trade at all. Doing trade is just buying and selling."

Even the most heartfelt apology during the Hebei summit may do little to heal Huanghuayu and other large swaths of China, where grief remains close to the surface.

Yang Shixian, 88, burst into tears at the mention of the Japanese. "My father — burned to death! Burned to death!" he sobbed. More than 100 men were burned to death in the village that day in 1943. Among them, 50 were incinerated in the village's chestnut cellar.

AIDS: Infections Increasing

Continued from Page 1

people under 15 years old resulted from infection in utero, at birth, or through breastfeeding.

HIV runs rampant in Africa, the report noted. Namibia and Swaziland have been added to the list of countries where from 20 percent to 26 percent of people aged 15 to 39 are infected. They join Botswana and Zimbabwe as the countries with the highest infection rates.

<p

EUROPE

EU Supports Italy in Fight With Turkey

Compiled by Our Staff From Dispatches

BRUSSELS — The European Union warned Turkey on Tuesday that any government-backed boycott of Italian goods over the Abdullah Ocalan dispute would violate agreements and could lead to retaliation.

Italy is in a diplomatic fight with Turkey over a decision by an Italian court not to recognize a Turkish international arrest warrant for the detained Kurdish rebel leader, whom Ankara holds responsible for 29,000 deaths.

EU officials, making their strongest intervention yet in the dispute, also hinted that the affair could set back Turkish hopes of joining the 15-nation bloc.

At a joint news conference with Prime Minister Massimo D'Alema of Italy, the European Commission president, Jacques Santer, said any Turkish boycott "would represent a breach of our association agreement of 1963 but also a breach of the customs union agreement of 1995."

Turkish ministers have said that the country would ban Italian companies from seeking defense contracts and that Italian television networks would be excluded from Turkish cables. Hundreds of companies have also announced boycotts of Italian goods amid widespread outrage in Turkey over Italy's refusal to hand over Mr. Ocalan.

EU officials said a Turkish boycott could have to be officially inspired to run the risk of EU retaliation and that TV stations and defense contracts were not covered by the agreements the EU has with Turkey. Turkey's delegation to the EU said reports of an official boycott of Italian goods in Turkey were wrong. Private organizations and consumer groups had, however, condemned Italy's actions, it said.

Mr. D'Alema voiced confidence that the EU would look into whether Turkish boycott calls were government-inspired.

Mr. Ocalan leads the Kurdish Workers Party, or PKK, which has fought a 14-year war for autonomy. The conflict has killed about 37,000 people. Turkey says Mr. Ocalan is a terrorist and should be brought to trial.

In a separate development, the Italian government said Tuesday that it wanted Germany to make up its mind whether to act on its arrest warrant and request Mr. Ocalan's extradition.

Foreign Minister Lamberto Dini said he wanted to make clear that Italy had detained the leader of Turkey's outlawed Kurdish Workers Party because German authorities had asked for him to be arrested.

(Reuters, AP)



President Roman Herzog at Berlin session with his wife and his chief of staff Wilhelm Staudacher, right, and Franz Muentefering, the housing minister, left.

Raiders Shoot 2 At Store in Paris

Compiled by Our Staff From Dispatches

PARIS — Two hooded gunmen seriously wounded two people as they robbed a currency exchange office at a leading Paris department store Tuesday, the police said.

Seven other people were injured as shoppers fled in panic at Au Printemps, a police spokeswoman said.

Police said the robbers grabbed 240,000 francs (\$42,000) from the *bureau de change* on the ground floor of the building.

The gunmen fired at a security guard who tried to stop them, police sources said, but missed, and a bystander was hit in the head.

Another passerby who tried to intervene was shot in the head outside the store as the gunmen escaped on foot. Other people were hurt by flying glass or hit with pistol butts.

Au Printemps is a favorite tourist haunt and normally packed at this time of year when people visit to see the store's Christmas window displays. (Reuters, AFP)

With EU Ban Ending, Cattlemen Face Buyers' Doubts on British Beef

Compiled by Our Staff From Dispatches

LONDON — The European Union's lifting of a ban on British beef exports could save many British cattle farmers from ruin, but officials said Tuesday that they still faced a struggle to win back markets lost during the scare over "mad cow" disease.

The vote Monday in Brussels only cleared the way for lifting the worldwide ban that was imposed in March 1996 after evidence of a connection between bovine spongiform encephalopathy, or mad cow disease, and a fatal human brain condition.

Before shipments of British beef can resume, there will be a minimum of three months' preparatory work, officials say. In the meantime, the sector, in which many farms have been brought to the edge of bankruptcy, must seek to regain the consumer's confidence — a notoriously difficult task when the product is food.

A spokeswoman for the European Consumer Organization, representing 24 national consumer bodies, said that "consumer confidence in British beef across Europe is pretty shaky." Germany's agriculture minister, Karl-Heinz Funke, the only minister to oppose the EU

Germany's Leaders Gather in Berlin

Compiled by Our Staff From Dispatches

BERLIN — Chancellor Gerhard Schroeder presided Tuesday over the first meeting in Berlin in 50 years of government ministers in a united Germany.

Mr. Schroeder, eager to expedite the government's move to Berlin from Bonn, held a meeting of the Council of Ministers on Tuesday.

On Wednesday, Mr. Schroeder, who was elected chancellor in September, is scheduled to convene the first cabinet meeting in the provisional chancellor — the building where the former Communist leader of East Germany, Erich Honecker, worked.

The Parliament and most of the government ministries are scheduled to move from Bonn to Berlin in the middle of 1999. Mr. Schroeder's new chancellor is not scheduled to be finished until October 1999.

The new chancellor said he wanted to hold regular cabinet meetings in Berlin, a largely symbolic gesture to the city, which has been waiting since 1991 for the promised move by the government from Bonn, 600 kilometers (360 miles) to the west. Mr. Schroeder also wants to hold parliamentary sessions in the spring before the move.

By holding the Council of Ministers meeting in Berlin, Mr. Schroeder also underscored the priority that he gives to the economic reconstruction of Eastern Germany, which still lags the more prosperous West.

Bonn, chosen as the seat of government when the federal republic, or West Germany, was created in 1949, was viewed by most political leaders as a temporary capital pending the end of Germany's postwar division, which came in 1990.

(AFP, Reuters)

BRIEFLY

Day of Decision on Pinochet

LONDON — General Augusto Pinochet, the former Chilean dictator, will learn Wednesday, his 83rd birthday, whether he enjoys immunity from arrest or faces extradition to Spain on charges of murder, torture and genocide.

The House of Lords, the highest court in Britain, is expected to rule on an appeal contesting a High Court decision that the arrest of General Pinochet in London last month was wrong because the offenses for which he is accused took place while he was head of state.

The arrest was carried out at the request of a Spanish judge.

If the appeal is rejected, General Pinochet will be free to leave the north London clinic where he is under police guard. If the appeal is upheld, Home Secretary Jack Straw has until Dec. 2 to decide whether to go ahead with extradition proceedings. (Reuters)

Yilmaz Wants Election Quickly

ANKARA — Prime Minister Mesut Yilmaz called Tuesday for general elections as soon as possible to restore stability after the expected fall Wednesday of his minority government.

Mr. Yilmaz said he was not interested in any new coalition deals before a parliamentary censure vote Wednesday. He acknowledged that he stood little chance of winning the vote.

Mr. Yilmaz told lawmakers from his party that the election should be held before the April 18 date already set by Parliament.

He said he would not oppose a caretaker coalition to lead the country to early polls as long as it did not carry out an "election economy" of distributing government largesse to influence the electorate. (Reuters)

Albanians Back New Charter

TIRANA — Albania — The Central Election Commission said Tuesday that the first results from a weekend referendum showed overwhelming approval for a new post-Communist constitution.

The government of Prime Minister Pandeli Majko has already claimed victory, but the opposition Democrats of former President Sali Berisha, who boycotted the vote, have alleged the results were manipulated.

The secretary-general of the commission, Shahin Bissiri, said the constitution had won the backing of 89.5 percent to 93.5 percent of voters in regions already counted. (Reuters)

Carlos' Ends Hunger Strike

PARIS — The jailed guerrilla known as "Carlos the Jackal" has ended a 20-day hunger strike, heading a request from former Palestinian comrades-in-arms to stay alive and keep up the fight, his lawyer said Tuesday.

Carlos, serving a life sentence for the murder of two French counterespionage agents, began the hunger strike to protest his solitary confinement in La Santé prison and alleged harassment by guards.

Isabelle Coutant-Peyre, his lawyer, said Carlos had been in poor condition when he ended his hunger strike, with low blood pressure and signs pointing to irreversible health damage. (Reuters)

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INTERNATIONAL

Attack on Saddam Aide Turns Attention to Foes

But Dissident Groups Deny Any Involvement

By John Daniszewski
and Marjorie Miller
Los Angeles Times Service

CAIRO. — The attack in the Iraqi city of Karbala against the highest-ranking deputy to President Saddam Hussein was the most serious assault on a senior regime figure in Iraq since the attempt on the life of the president's son, Uday, in December 1996.

The deputy, Izzat Ibrahim, escaped assassination from two grenades that were hurled as he emerged from his car during a visit to a Shiite Muslim holy site in Karbala during the weekend, Iraqi media reported Monday.

As vice chairman of the Revolutionary Command Council, Mr. Ibrahim is the No. 2 figure in the Iraqi hierarchy. According to news reports, Mr. Ibrahim was not wounded, but his bodyguards and several civilians were hurt.

The attack occurred at an extremely sensitive moment for the Iraqi government, which is still bracing for a possible U.S. military strike in a dispute over cooperation with United Nations arms inspectors. That may explain why state media waited nearly 36 hours to make the attack public.

Although unsuccessful, the attack was "a clear signal the opposition is deep inside Iraq, even around the inner circle," said Hamid Bayati, the London representative of the Supreme Council for Islamic Revolution in Iraq, the main Shiite opposition to the Iraqi regime.

He said that the attempt would undermine Mr. Saddam's rule. "A regime that can't protect its people can't control the country," he said.

Mr. Ibrahim went to Karbala for a ceremony marking the birthday of Imam Hussein, a seventh-century Shiite martyr who is particularly venerated by Shiite Muslims. The attack took place at 10:20 A.M. Sunday near the imam's mausoleum, a hallowed pilgrimage site for Shiites from Iraq, Iran and Lebanon, and therefore nearly always crowded with faithful.

Mr. Ibrahim, who has been Mr. Sad-

dam's deputy since the Iraqi leader took over as president in 1979, was reportedly able to go ahead with his planned speech, delivered on behalf of the president.

There were no immediate claims of responsibility. But the fact that the attack occurred in Karbala suggested that the assailants may have been Shiite Muslims.

Karbala, 100 kilometers (60 miles) south of Baghdad, was the scene of fighting in March 1991 when Iraqi Republican Guards crushed a Shiite uprising in the aftermath of the Gulf War.

Opposition figures claim that hundreds, or even thousands, of people were killed around the city's central mosque. Many buildings were leveled in intense fighting, and reconstruction was completed only a few years ago.

Given such a history, Karbala is "not a city where representatives of the regime are welcome," said Nabil Musawi, an official in London of the Iraqi National Congress, an umbrella organization for those seeking to overthrow Mr. Saddam.

Opposition groups in London denied that they were responsible for the attempt on Mr. Ibrahim. Mr. Musawi said his group considers such efforts "irrelevant" because "unless you can get to Saddam Hussein, the rest are puppets."

He dismissed Mr. Ibrahim — who is also deputy commander of the armed forces — as "Saddam's stooge."

"If this does anything, it reflects that the security system is not as tight as Saddam would like us to believe."

The Iraqi opposition, in exile for years, has been struggling to mount a credible threat to the regime. But it has been hampered by its own disunity and by the hot-and-cold nature of the support it has received from the West.

■ Baghdad Plays Down Attack

Iraq sought Tuesday to shake off the shock of the abortive attempt to assassinate Mr. Ibrahim, Reuters reported



OATH OF OFFICE — General Emile Lahoud, being sworn in as the new president of Lebanon before Parliament in Beirut on Tuesday with Nabih Berri, the Parliament speaker, at his side. General Lahoud, former armed forces chief, pledged to battle corruption.

from Baghdad. Only two of Iraq's state-controlled newspapers put Sunday's attack on their front pages, burying it in brief stories that stuck to the account put out by the official Iraqi press agency, INA.

In another show of unconcern, Deputy Prime Minister Tariq Aziz appeared at a poetry festival in Baghdad on Tuesday, though security was as tight as usual.

Mr. Ibrahim's public responsibilities are focused on the ruling Arab Ba'ath Socialist Party affairs and the economy. He often tours the country as part of a campaign to promote agricultural output to make Iraq more able to feed its 22 million people, many of whom are suffering the hardships of UN sanctions.

"He is among a small group that sits around and decides what to do — though the final decision is always Saddam's," said a diplomat in contact with the Iraqi leadership.

Iraqi newspapers carried an appeal to citizens from the Public Security Directorate for information on a man it

said had carried out a "cowardly crime" that targeted the lives of citizens.

They printed photographs of a bearded man, apparently in his 20s, and gave telephone numbers for people to call if they knew his name, home town or work.

The appeal made no explicit reference to the attack on Mr. Ibrahim.

Britain's junior foreign minister, Derek Fatchett, hosting members of 16 diverse Iraqi opposition groups in London on Monday, asked them to bury their differences and devise a plan to revitalise their efforts to overthrow the Iraqi leader.

Britain has ruled out giving them guns or money now, but President Bill Clinton last month signed an act permitting \$93 million to be spent on military aid for Mr. Saddam's foes.

Despite the attack on Mr. Ibrahim,

Baqdad-based diplomats say dissident groups pose little or no threat to Mr. Saddam. "The Iraqi opposition has proved itself incapable," an Asian envoy said.

Defiant Iraq: U.S. Takes A Wait-and-See Position

By John M. Goshko
Washington Post Service

UNITED NATIONS, New York —

The United States will not respond with force to Iraq's latest defiance of UN weapons inspectors but will assess Baghdad's overall record of cooperation in the coming days before deciding whether to revive the threat of air strikes or U.S. diplomats say.

The diplomats said the strategy had been decided upon by the Clinton administration after Iraq's refusal Friday to turn over documents about its biological, chemical and missile programs requested by the UN Special Commission. The commission is charged with eliminating prohibited Iraqi weapons systems.

Baaghdad's refusal came less than a week after President Bill Clinton put on hold the use of force in exchange for Iraqi assurances of renewed cooperation with UN commission, known as Unscom.

But Mr. Clinton warned that if Iraq failed to comply fully with UN Security Council resolutions calling for its disarmament.

"We are not going to get bogged down at this time in a dispute about these documents," a U.S. official said. "We want to see first what Unscom gets from Iraq in the way of cooperation. We're not sure how long we might wait, as there is a fine line to be walked in putting up with Iraqi challenges. But we think that for the time being, forbearance is the wiser course."

In Washington, Secretary of State Madeleine Albright hinted at this course in less explicit terms. Asked how much time the United States would give Iraq, she said Monday that it was "not a matter of a deadline."

"It's a matter of coming forward with what is necessary to show they are cooperating," she said.

Defense Secretary William Cohen said that the United States had enough planes and missiles massed in the Gulf region to strike Iraq at any time. He added that Iraq's willingness to hand

over the documents sought by the UN commission would be an important factor in ensuring Iraqi disarmament.

But Mr. Cohen added, "I think a lot of questions have to be asked and answered before there can be any resolution as to whether or not they are — quote — cooperating."

These comments, and the more detailed background remarks of other officials, sounded similar to the approach taken by Washington in August when President Saddam Hussein's government triggered a confrontation with the United Nations by suspending most of its cooperation with the UN Special Commission.

Unlike earlier incidents when the United States instantly threatened military retaliation, Washington on that occasion refused to discuss air strikes. It was not until Oct. 30, when Iraq escalated the confrontation by severing its last links with the commission, that Mr. Clinton dusted off the threat of force and ordered a U.S. military buildup in the Gulf.

Some officials acknowledged that the mixed signals sent by the U.S. response in August had raised questions about the administration's resolve.

But, as one official said, "it also paid off in terms of convincing other countries that we weren't rushing to bomb Iraq injudiciously, and when we were ready to move, that gave us a lot more backing internationally than we had earlier."

■ Russia Criticizes Western Policy

The Russian Foreign Ministry criticized Western governments on Tuesday over efforts, announced by Britain and the United States, to remove Mr. Saddam from power, Reuters reported from Moscow.

Iraq's leadership is a master for the Iraqi people, a spokesman for the ministry said.

Both Washington and London have said recently they were looking forward to an Iraq without Mr. Saddam. Both governments vowed to work with exiled Iraqi dissidents to improve the chances of removing him.

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STAGE

Members of the Paris Opera Ballet in Odile Duboc's new production of Gershwin's "Rhapsody in Blue."

A Gershwin Rhapsody in BalletBy David Stevens
International Herald Tribune

PARIS — George Gershwin did not write any music for ballet, not counting random dance elements in his Broadway musicals, but plenty of choreographers have used his music for their own purposes.

George Balanchine set "Who Cares?" to several of the composer's songs, Gene Kelly used the Concerto in F for "Pas de Dieux" for the Paris Opera Ballet almost four decades ago, and any number of dance creators have appropriated "Rhapsody in Blue."

Now, marking the centennial of the composer's birth, the "Rhapsody" is the centerpiece of a new program by the Paris Opera Ballet, in a new production by Odile Duboc, one of the choreographers who have contributed to the boom in French contemporary dance in the last 20 years.

The ballet opens with a prologue with

the dancers, in blue costumes, moving to a sound backdrop of urban noises. When the magic begins, the big city atmosphere is reinforced by Yves Le Jeune's scenic elements — a backdrop aerial view of Manhattan and large pieces suggesting glass and steel buildings and viaducts. Dominique Fabregue's costumes for the 14 dancers had different patterns of black and white stripes — suggestive perhaps of the color scheme of a keyboard.

Carole Arbo and Kader Belarbi were handsome in the solo roles, but the choreography, while attractive, was on the thin side. More interesting was the musical side, which used the original jazz band setting, rather than the symphonic version usually heard. Christine Laguillat was the adept soloist, and Guillaume Tourniaire made a lively company debut as the evening's conductor.

The program did no favor to Duboc by placing her Gershwin choreography between powerful works by Martha

Graham and Pina Bausch. One of the Graham works was also new for the company, but anyone who came more than three minutes late missed it.

"Lamentation," which dates from 1930, is a very brief and expressive solo for a seated woman, her body encased in a kind of jersey tube, expressing the lamenting of the title entirely with movements of her torso, accompanied by a brief Zoltan Kodaly piano piece.

Fanny Gaido was the delicate soloist.

The program was completed by two works already in the company's repertory. Graham's "Temptations of the Moon" (1986), a moon ritual inspired by Stonehenge and set to Bartok's "Dance Suite," had Agnes Letestu and Jose Martinez in the principal roles.

Bausch's powerful reading of "Rite of Spring" brought the evening to a knockout finish, with Mirek Kudo and Wilfried Romoli in the principal roles and Tourniaire getting full value from Stravinsky's elemental score.

BOOKS

MASTER GEORGIE
By Beryl Bainbridge.
Illustrated. 190 pages.
\$21. Carroll & Graf.

Reviewed by Christopher Lehmann-Haupt

I INTEND to survive," announces Pompey Jones as he goes into a climactic battle of the Crimean War, near the end of Beryl Bainbridge's remarkable new novel, "Master Georgie," just beaten out for this year's Booker Prize.

One of the novel's three narrators, Pompey is a cynical opportunist. As a child, he used to steal things from people and then return them for rewards; and as an adult, his skills as an operator have ripened. Throughout most of the novel, you believe that if he does survive the war, it will be precisely because of his disloyalty and amoral ways.

But such is the horror and random violence of Bainbridge's ending that you come to believe that survival is purely a matter of chance. Issues of character come to seem irrelevant. All sense of order is overwhelmed.

How has Bainbridge achieved this effect? Through her first dozen or so novels — among them, "The Bottle Factory Outing," "Young Adolf" and "An Awfully Big Adventure" — she was often

preoccupied with the role of violent accident. As she once explained in an interview, since she used her own experience as material for her fiction, and since "one's own life, while being lived, seems to have no obvious plot and is therefore without tension," the introduction of an "accidental death" creates a strong narrative line.

In her more recent novels, having "used up my childhood," as she put it, she has turned to historical fiction, using Robert Falcon Scott's disastrous race to the South Pole in her 14th novel, "The Birthday Boys," and the sinking of the Titanic in her 15th, "Every Man for Himself."

These broader canvases have served to heighten the significance of the tension between chance and necessity.

Now, in "Master Georgie," the possibility that any one can exert any control over fate is put to the test. At the start of the story, it seems that only fate matters, if fate can be said to depend on character. For Bainbridge appears at first to care only about character. In a tour de force of compressed plotting, she introduces us to her two other narrators, who along with Pompey relate the six chapters that make up "Master Georgie." These are Myrtle, a 12-year-old orphan taken in by the Hardys, a

lower-middle-class Liverpool Victorian family, because one of the Hardy daughters wants a pet, and Dr. Potter, a tententious geologist who eventually marries another of the Hardy children.

Both Myrtle, named after the street where the orphanage she was destined for stands, and Dr. Potter are in thrall to the Hardys' son, George, a surgeon tortured by guilt over his homosexual urges.

In the novel's opening section, Myrtle describes how Master Georgie happened to discover his father dead in a prostitute's bed and the consequences this has for the Hardy family's future.

The marvelous trick Bainbridge pulls off is that she tells her story so elliptically that you have to pay attention to her every word. No conversation is wasted. Nothing is described merely to illustrate. For instance, as the story develops, you begin to suspect that Myrtle is somehow connected to Master Georgie's children, but you don't know how or why. Then, during a concert they attend together, he reaches for her hand, and she comments to the reader, "He doesn't drink any more, so I was startled." You really don't need to be told anything more.

The incidents thus described are turns funny and appalling. But their development is easy to miss, and the need to pay such close attention creates the illusion that the characters possess autonomy and that their behavior is relevant to their fates. Yet when their actions gradually lead them into the Crimean War, what happens to them is so horrifyingly random and meaningless that chance seems all that matters. Their helplessness mirrors the incompetence of the military leaders who created so much unnecessary suffering during the war, including Lord Raglan, responsible for the catastrophic charge of the Light Brigade.

In that respect, the camera is like Bainbridge's vision of warfare in "Master Georgie." The battle is powerless to catch whatever is boiling within the human skull, her novel seems to be saying. More significantly, as "Master Georgie" movingly conveys, the battle really doesn't care.

New York Times Service

BEST SELLERS

The New York Times		Fiction	
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on the list are not necessarily consecutive.		Last Week	Week
1. A MAN IN FULL , by Tom Wolfe	1	1	1
2. WHEN THE WIND BLOWS , by James Patterson	6	2	2
3. THE PATH OF DAGGERS , by Robert Jordan	1	3	3
4. THE VAMPIRE ARMAND , by Anne Rice	3	4	4
5. AN IRISH THURSDAY NIGHT , by Mary Higgins Clark	4	4	4
6. THE POISONWOOD BIBLE , by Barbara Kingsolver	5	4	5
7. THE BONES , by Stephen King	3	7	7
8. MIRROR IMAGE , by Daniel Steel	1	8	8
9. THE HAMMER OF EDWARD , by Richard Paul Evans	7	3	1
10. WELCOME TO THE WORLD BABY GIRL , by Fausto Flagg	9	7	2
11. RAINBOW SIX , by Tom Clancy	8	14	14
12. THREE FEARS OF A GEISHA , by Arthur Golden	10	52	12
13. THE LOCKET , by Richard Paul Evans	14	4	13
14. THE PRESENT , by James Michener	13	2	13
15. TODAY I FEEL SILLY & OTHER MOODS THAT MAKE MY DAY , by June Lee Carl	15	3	15
Nonfiction			
1. TUESDAYS WITH MORRICE , by Mitch Albom	1	57	57
2. THE BREAST CANCER PREVENTION DIET , by Robert Amato	1	3	3
3. SUGAR BUSTERS! , by Dr. Robert Lustig	1	35	35
4. THE 9 STEPS TO FINANCIAL FREEDOM , by Steve Orson	4	33	33

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STAGE/ENTERTAINMENT

The Creation Of a Culture

*Forging an Artistic Identity
From Singapore's Melting Pot*

By Katherine Kohn
International Herald Tribune

SINGAPORE — "Upgrade" is a theme word in Singapore. All around the island are big signs announcing that this or that government housing estate is being "upgraded": shopping malls half-closed for repairs, the forgiveness of visitors during the "upgrade," and "upgrade" is what the government wants to do with its small and often insular art scene.

This city-state embarked a few years ago on a campaign to make itself into a "world-class" cultural center, creating museums, giving space and time to its artists and its writers, and generally promoting itself as a regional magnet.

If any part of the Singaporean cultural scene has shown that it might possess some of the talent and the will to draw serious international attention, it is the English-language theater. Local theater troupes are energetic, and particularly sensitive to the need for a larger stage; some have traveled to Europe and the United States, and won international grants.

Still, the relative success of these groups also demonstrates the deep difficulties faced by the arts community when a government geared to making the streets safe for business suddenly says, let's think culture.

No one in the arts scene is likely to be against subsidies and other help extended for performance or exhibition space, but governmental benevolence combined with the perceived threat of government censorship means that the artistic community operates in a curious vacuum where it sometimes seems that artists pretend to be rebels and the government pretends to be cold and then forgive these bohemian bad boys.

The successes and strains in the arts also underline the deep ethnic tensions in Singapore, the very tensions that the government works so hard to keep under control. For, in many ways, Singaporean theater asks: what does it mean to be Singaporean? And indeed what does it mean today to be Asian?

"It began with people who were very interested in finding out who is a Singaporean, what is a Singaporean theater," said Ong Keng Sen, artistic director of the avant-garde group Treteatre Works, which two years ago made international headlines when it put on a play about the Michael Fay flogging controversy that never mentioned him by name, but looked at the clash between "Western" and "Asian" values.

"For a long time we were stuck in language, meaning what is the mother tongue, like Chinese, Malay, Indian theater?" Ong said. "Is it English? Again, a specific brand of English? There is this term, Singaporean English, Singlish; and what kind of Singlish, because there are different gradations."

"What Singapore is doing is contemporary theater with an Asian flavor," said Ekachai Uekrongtham, the Thai artistic director of Action Theatre, which recently took one of its productions to New York, "and sometimes a lot of things that we're doing have got a fusion of Eastern and Western elements."

And Tony Pettit, departing artistic director of the Singapore Repertory Theatre and an American, said: "The whole idea of New Asia now is the whole melding of a world culture in which Western influences are as much part of this culture as Asian influences. There's no such thing as traditional Chinese or Indian or Malay culture here in Singapore. It has always been a melting pot, it has always had Western influences."

"The problem here in Singapore," Pettit added, "is that because it's such a small space, with 3 million people, we were doing the original play to death. The caliber of the writing isn't very good. It's like doing a play about Dubuque. I mean, how many plays can you do about Dubuque? What we're trying to do is get Singaporeans to look out more, if not to the entire world, at least to Asia as a region."

Singapore Repertory Theatre, which has over the years done a mix of local productions and imported ones, started a playwriting competition this year for the best play from anywhere in the world that addresses the question of Asian identity (the IHT is a sponsor of the competition). The winner will be announced next year, and staged by SRT.

Singapore's theater companies have very different philosophies and problems, from the fund-raising difficulties made worse by the Asian financial crisis, to the difficulties in booking very limited performance space. Their goals are different, too: If Theatre Works stages difficult conceptual mixes of performance art, dance and theater (a "Lear" where the title character was played by a Noh actor and all the performers spoke in their own language), Action Theatre is better known for musicals and entertaining social satire.

Nevertheless, there are similarities. Singapore theater, in its attempts to fuse East and West, is torn between a desire to find "roots" and a resistance to the "exoticism" that seems to appeal to the West. The local theater is also torn between the desire artists have to express themselves and the desire of the government, which subsidizes local troupes in various ways, to



A scene from Action Theatre's production of "Chang & Eng—the Musical."

make the arts pay off, as a tourist draw. This is complicated by Singapore's restrictions on content and form.

Just what "freedom of expression" in the arts means is tricky, and celebrated cases in the West show that there can be very different opinions about whether being "transgressive" at any cost (and, so, pornographic or otherwise deliberately shocking) is proof of an artistic vocation.

When artists or would-be artists in Singapore talk about government involvement in the arts, and in particular about government watchfulness, they tend to use the word "negotiation." What it comes down to is self-censorship, helped by the highly acute antennae developed by people who take big risks if they stage something that upsets the authorities.

There is talk among people in the artistic community that the government is more open now, that officials realize it doesn't look good to be too authoritarian, and that many "shocking" works are performed for such small audiences that they're unlikely to endanger the carefully woven fabric of Singaporean society.

Goh Ching Lee of the government's National Arts Council, when asked about censorship, pointed to the government's allowing most of the theater companies to go without official script approval, and to its tolerance, among other things, for *TheatreWorks' "Descendents of the Eunuch Admiral"*.

"I speak in allegories and metaphors," said Ong of "Descendents," which it took to Hamburg and Berlin last August. "It's very, very subtly critical of what happens in Singapore. If you want to belong you have to castrate yourself, you have to lose a part of yourself."

Uekrongtham said: "Personally, I've found I have always been able to address issues I wanted to talk about without too much interference. I mean in the early days, of course — there are incidents that happen along the way. I think it's a negotiation process between the artist and the state."

The atmosphere "has prevented anybody from doing anything that I would say is really cutting edge or challenging," said Pettit. "The government has been very open about saying there is no censorship, we do not have to send our scripts. The line is somewhere and we don't know where that line is, and nobody's going to tell us where that line is. But if we cross that line, the sky will fall in."

In some sense Singapore shows in microcosm all the problems associated with government involvement in the arts: Can an art scene be created by fiat? Can you will yourself a Picasso or a Chekhov? And, in the case of Singapore, can you will that in a tightly controlled society?

"Arts to them [the Singaporean authorities] means 'Les Miz,'" said Pettit. "Without the small experimental heartbreak work, you're not going to have any kind of unique culture — the one that's going to be most threatening to them and the one they're going to be least likely to support."

Singapore "can be a very exciting place to be, but the bureaucrats don't know how, and so they are taking formulas from here and there," said Ong. Singapore "has a lot of promise for cultural thinkers. At the same time, I'm very discontented. I feel there is no idea of how to make this theater work."

"A lot of people talk about turning Singapore into a Broadway of Asia," said Uekrongtham. "If we want to be a Renaissance city," he went on, "then people would just come here and do their works. That's where things like the negotiation with the state in terms of censorship ... Because if we want to be a Renaissance city that's something that needs to really be looked at very carefully as time goes by."

A Family Affair and a Lost Gem

By Sheridan Morley
International Herald Tribune

LONDON — If we are going to have a London theater scene largely occupied by very big movie stars in very small theaters sold out well before the first night, then I guess the stars might as well be our own.

Sure enough, in the wake of *Julieta Binoche*, *Kevin Spacey* and *Nicole Kidman*, we now get a fully clothed Ewan McGregor (of "Trainspotting" and "Shallow Grave") and the imminent "Star Wars" prequel making a remarkable London stage debut at the Hampstead in David Halliwell's "Little Malcolm and His Struggle Against the Eunuchs."

The good news for McGregor fans is that between now and when the show closes in early January there are still tickets available for a couple of nights; the bad news is they will cost you £125 each, since the nights are charity fund-raisers.

Now, about the play. It is proudly noted in the program that it first came in 1966, from the old socialist-fringe Unity Theatre in the West End and then, Broadway and finally the wide screen five years later, indeed it did. But what the program does not tell you is that it ran barely 22 performances in the West End, fewer than nine on Broadway, and that the film was taken off the screens after only five days despite the starring presence of John Hurt.

So we are not here dealing, as in most of the other recent star showcases, with some old and/or popular classic. We are dealing instead with one of the great flops of its period, and what is just wonderful about the current production is the way that it not only establishes McGregor in his London stage debut but also rehabilitates a play that almost everyone had given up for lost.

There is another London debut here, that of McGregor's uncle Denis Lawson as director; and he has also employed his stepdaughter Lou Gish in the only female role, so this is certainly a family affair, and it's a triumph of relative values.

Why was "Little Malcolm" such a commercial disaster 30 years ago? It comes of the generation of "Billy Liar" and countless other plays about teenage angst and the disaffection of the young, but unlike those others it is also a parody of the genre, and offers at least four other wonderful roles. What Lawson has established above all else is that here is a play asking for rediscovery, and in theaters other than Hampstead there should now be several literary managers either kicking themselves or hanging their heads in shame at missing this little lost gem.

Essentially it is a dark fable about four disaffected 1965 Huddersfield art students; when one of them (McGregor) is expelled, he rallies the other three around him in a breakaway fascist group known as the Party of

Dynamic Disaffection. McGregor, as unable as Oblomov even to get himself out of bed at the outset, has by the end of the evening become a chilling little Hitler.

Halliwell's genius is to contrast the grandeur of his students' ambitions for world (or at any rate, Huddersfield) domination with the reality of their social inadequacy, but then nobody ever said that Hitler was tall or good-looking or a star turn at cocktail parties. True, this is a play that, like its central character, can never quite decide where it is going, or precisely how it plans to get there, or even whether it might be worth going there at all. As a result, "Little Malcolm" is an almost perfect commentary on the student movements of the period despite sharing many of their fundamental views. What makes Halliwell so worth the revisit — and in 50 other stage and broadcast plays he has never had even a failure as famous as this — is his strange ability to satirize the lunacy of this quartet of losers while somehow also approving of their stand against bleak and bland authority. There have, since "Malcolm," been many better student plays, but as this script shades from courtroom farce into murderous madness, Halliwell has maybe caught a moment in the postwar history of British college life that was as unintentionally funny as it was dangerous. Halfway from Kingsley Amis to Martin Amis, "Little Malcolm" is amazingly alive and well worth another look, always assuming, of course, that you have £125 to spare on a ticket.

STAGE/ENTERTAINMENT

Did Anyone Watch the Play?

By Alan Riding
New York Times Service

LONDON — It will come as no surprise to Nicole Kidman's screen admirers to learn that she also looks sexy and beautiful on stage, not least when scantily dressed. Yet this unremarkable discovery threw British newspapers into a veritable swoon this fall when she made her first stage appearance in 11 years.

A few theater critics did actually notice her performance ("she can act"). But far more space was dedicated to poetic, erotic and clinical ("no — repeat, no — cellulite") ruminations about her body. The normally staid Daily Telegraph was quite overwhelmed. "Pure theatrical Viagra," it gasped.

True, sex is the theme of the play, "The Blue Room," David Hare's loose adaptation of Arthur Schnitzler's turn-of-the-century play "Reigen," now better known as "La Ronde."

Two characters (Kidman and the British actor Iain Glen each play five) engage in a daisy-chain of sexual encounters. Copulation is suggested every time the stage goes dark, with subtiles coyly offering how long each of the 10 couplings supposedly lasts. And yes, for the briefest of moments, the tall, lissome actress does stand naked, her back to the audience, as her partner dresses her. But what is it with the Brits? This was theater, not live sex.

"I think there's an element of the British that is kind of pathetically grateful for a glamorous star gracing our boards," said Sam Mendes, who directed the play at the 250-seat Donmar Warehouse. "Even those who have seen the play have written about something that isn't really on stage. This is not the kind of violently erotic 'Oh, Calcutta!'-style review that has been reported here. They wrote about the wrong things. They didn't write about the play."

The playwright seems to have taken it all in stride. "As far as the British press were concerned, the play was simply a chariot that was carrying Nicole Kidman into town," Hare said. "I don't think they noticed there was a play. Plainly, there was something magnetic about Nicole's presence."

Now, after eight weeks of sold-out performances in London, where the rich paid upward of \$1,000 for a ticket and the poor waited 12 hours for returns, "The Blue Room" moves to Broadway to test the response of a New York audience to the Kidman phenomenon.



Kidman in a scene from "The Blue Room."

Warehouse. "This is a small theater. I didn't want to start by doing something big on Broadway or the West End. When you do theater, you want to explore yourself as an actor. And if there is a lot of pressure, it tends to stop you. I just wanted to work with Sam Mendes. I had seen his work at the Donmar. I had seen his 'Cabaret' and 'Othello.' We went to lunch one day and we just got on. He had a lot of ideas."

But bringing a movie star to the London stage is not an original one: Juliette Binoche, Kevin Spacey and Liam Neeson have all drawn crowds here in recent months. But Mendes was clearly taken by Kidman's eagerness to appear at the nonprofit Donmar — and her willingness to do so for a weekly salary of about £240 (\$400).

The chosen vehicle was the contemporary version of "La Ronde," which Mendes had asked Hare to write, using two actors to play all the roles. Schnitzler's original 1900 German-language version, which was closed down by police as obscene when it finally opened in 1921, was a satirical exposé of Vienna's highly stratified society.

Speaking of the original play, Hare said: "I think crudely, you could say that at the end of the 19th century, Freud's contemporary Schnitzler produces this shocking revelation that sex and romance are used to manipulate, and that they are forms both of self-deception and deceit. His version is rather world-weary and cynical about La Ronde, or sexual roundelay: 'Here is this place where we all deceive each other.'

"I have swung it round because I don't feel that at the end of the 20th century that's such a startling thing to say."

HARE'S version, which changes the identity, though not the social ranking, of several characters, also suggests that nihilism rather than hypocrisy is today's social blight. Of course, in both cases, it is sex that breaks down class barriers.

So, Mendes was asked, did Kidman know what she getting into?

"I think if she had known what she was going to do, she might have blanchéd," the director said with a laugh. "But once it became part of an organic process, after you have spent six weeks in rehearsals, it grew out of the natural chemistry between the two actors. If I had told her on the first day, 'By the way, I want you to do a naked cartwheel in this scene,' he'd have looked at me and probably walked out. But it came naturally out of the situation."

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EDITORIALS/OPTION

Herald Tribune
 INTERNATIONAL
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST
Pressing Saddam Again**We Mean It, Maybe**

You may recall, because it happened scarcely a week ago, that Iraq promised full cooperation with United Nations arms inspectors. You may recall that President Bill Clinton proclaimed this promise a major accomplishment and, with Iraq's promise in hand, called home U.S. bombers then flying toward Iraq's suspected chemical and biological weapons sites. You may recall also that Clinton administration officials warned that any Iraqi failure to provide requested documents or otherwise cooperate with UN inspectors would result in bombing without further warnings.

Well, Iraq has now refused to provide such documents. And the American response? More warnings — and pretty unconvincing ones at that. Here is Defense Secretary William Cohen speaking on Monday: "I think it is up to Iraq to fully cooperate with Uncom. A failure to do so certainly leaves open the option of whether or not the president would order a military option in the future."

"Leaves open the option" — so much for a swift and certain response. It seems that Saddam Hussein has taken America's climbdown last week as yet another victory. Iraq's rhetoric is more bellicose and outrageous than ever. The poison gas residue that UN inspectors found last summer on warhead fragments, despite Iraqi assurances that no warheads ever had been

filled with such gas, are an "imaginary monster they created in their sick minds," Iraq's foreign minister says. "Iraq is the aggrieved party.... We have handed over all available documents."

In fact, UN arms inspectors know that some of the documents they have requested exist and are relevant. In at least one case, Iraqi officials snatched a document from an inspector's grasp several months ago. But Iraq seems to be again counting on U.S. ambivalence and on divisions in the UN Security Council to reward its noncooperation.

Mr. Clinton and British Prime Minister Tony Blair promised bombing without warning, but Saddam Hussein has maneuvered them into an awkward position. Will they bomb because Iraq has denied one document? How about two? What will it now take?

The Iraqi press meanwhile vilifies the Australian diplomat who heads the UN arms inspection commission. The Iraqis last tried this tactic against the American inspector Scott Ritter, who received scant support from Washington and other capitals. We hope that the dogged Ambassador Richard Butler will have better luck.

Iraq invaded Kuwait. It lost a subsequent war. It promised, as a condition of cease-fire, to cede all nuclear, biological and chemical weapons. It is as determined as ever not to honor those promises. Dangerously absent here is an equivalent determination to enforce them.

—THE WASHINGTON POST

action may become unavoidable.

The documents sought by the inspectors would show how much weapons material Iraq had before the Gulf War. By subtracting what they have discovered and destroyed in seven years, inspectors can get a good fix on how much Baghdad has left. Iraq complicates the inspectors' work and delays completion of their efforts by insisting that no such documents exist. The United Nations must insist that these documents be handed over.

The Security Council must also insist on unhindered access to all sites that Iraq promised to provide.

Washington can quickly renew the threat of military force. Additional U.S. troops and equipment continue to arrive in the Gulf region.

Inspections, if they can proceed freely, are still the most effective way to track down and eliminate Iraq's terror weapons, but if Iraq will not permit the inspectors to do their jobs, Washington will have no choice but to redouble Iraq's arsenal of deadly germs and chemicals by military force.

—THE NEW YORK TIMES

After Marie Curie

When Marie Curie died on July 4, 1934, Albert Einstein remarked that she was, "of all celebrated beings, the only one whom fame has not corrupted." It has been a century since Curie and her husband, Pierre, who died in 1906, discovered polonium and radium, just a century since she coined the word "radioactivity." Their discoveries brought the Curies worldwide fame, and yet fame, ironically, made the name Curie a byword for modesty. The laboratory in which their most important work was done was only a former storeroom and machine shop, and they always refused, Marie Curie wrote, "to draw from our discovery any material profit."

A small exhibition devoted to Marie Curie has been mounted at the New York Academy of Sciences. It suggests that the history of radioactivity during

the past century divides into two parts, before 1934, when natural radioactivity was the focus of scientific study, and after 1934, when the first man-made radioactive elements were created. Most lay people are likely to feel that the century divides a little more neatly than that: before 1945, when the first atomic bombs were detonated, and after 1945.

Marie Curie died as a result of exposure to radioactivity, some of it incurred while preparing radium for medical use. A century has passed since she discovered that radioactivity was a property of atoms, and we are still adding up the balance sheet, still trying to weigh the lives saved or improved by the scientific exploration of radioactivity against the lives lost or irreparably worsened.

—THE NEW YORK TIMES

Other Comment**Robin Hood in Reverse**

The anti-smoking crusade in America [has] become a reverse Robin Hood arrangement: it sanctifies soak-the-poor taxes and robs the poor to pay the rich. The rich, of course, are the private lawyers who represent the states in their tobacco suits. The agreement allows up to \$500 million in annual fees for perhaps a few hundred and at most a few thousand lawyers. For how long? Arbitrators will decide.

The cigarette dispute has evolved into a welfare program that may create some instant billionaires and many multimillionaires.

Because none of this can be defended, it is camouflaged. For self-

interested reasons, the anti-smoking advocates never openly described public choices. Beyond taxing smokers to cut smoking, politicians want to keep the taxes — and not to rebate them.

Public health advocates covet extra money for pet programs, and lawyers crave their fees. All this has involved an adept manipulation of courts and legislatures. A gullible public, aided by a pliant press, embraced the anti-smoking hysteria. Because the campaign succeeded, it will inspire assaults against other industries.

We can't tell the target (whether alcohol or autos or fatty foods) or the tactics, but it's just a matter of time.

—Robert J. Samuelson, commenting in *Newsweek*.

Now a Remarkable Flowering of the Life Sciences

By John Maddox

LONDON — In the past 10 weeks there has been an extraordinary torrent of reports from laboratories over the world hinting at the prospect that the nervous system may be renewed, that the foundations are being laid for the regeneration of worn-out organs, and that there may yet be systematic ways of extending the human life span.

The wave of announcements is no surprise. It reflects the fruition of ideas appearing in the scientific journals in the past decade. This is the beginning of the rich harvest of discovery, and eventually of beneficial application, that will flow from the remarkable flowering of the life sciences since the discovery of the structure of DNA 45 years ago.

Take the goal of extending the human life span or, more accurately, of preventing the normal aging process.

People have been analyzing the arrangement of DNA in the chromosomes of higher organisms. It turns out that the beaten-down ends of chromosomes appear to shorten as cells repeatedly divide. That leads to the notion of stimulating the enzyme supply, called telomerase, in all the cells of

the human body, allowing organs to keep their youthful habits.

It is one thing to show that the extra enzyme supply will allow cells to divide indefinitely, and quite another to find a drug that switches on the genes concerned with its production, and something else again to satisfy the U.S. Food and Drug Administration that the side effects are manageable. Decades will go by before that can be done. But few pharmaceutical companies will stand aside from this research.

Much the same is true of the hopes for regenerating organs. Recent developments have been stimulated by the common knowledge that many organs in the body will regenerate of their own accord. Muscles cut in surgery, for example, will grow back.

What happens is that adult muscles contain cells called stem cells left over from embryonic life, which are capable of growing back into adult muscles when there is a need. Two separate research groups have lately shown that

cells taken from early embryos or fetuses can be kept in laboratory culture indefinitely and that they have the potential to develop into adult tissues.

As things are, there is only the sketchiest understanding of how cells in the developing embryo are coaxed into their adult habit — skin cells or liver cells, as the case may be. The only certainty is that the process is controlled by genes, not yet identified. Decades will go by before the specialization of adult cells is fully understood.

Then there are practical difficulties to be surmounted. A liver grown from a single embryonic cell may not be compatible with the recipient's immune system, leading to the danger of organ rejection found in transplants.

Plainly, it would be preferable to find the stem cells lurking naturally in the organs to be replaced. That is not now possible, but the record of the past few decades is that everything is feasible given time and effort. This is the spirit in which it has been found that even nerve cells can be induced to even divide — and thus multiply — in the living brains of laboratory animals.

Until now, it has been assumed that nerve tissue is unique in that its cells do not multiply, at least in adults. There is ample evidence of this from stroke victims, whose partial recovery seems to involve the adaptation of other parts of the brain to do the work of those parts that have been damaged. But now it has been shown, in laboratory animals, that this is not always the case.

It has become a legitimate goal to seek to repopulate damaged parts of the brain with healthy nerve cells. The snag is that the cells concerned might not make the connections with others required to restore normal functions, but there may be ways around even that obstacle.

All three developments open up the prospect of radical innovations in medicine with profound implications for social life. All of them will be a long time coming to fruition, but their ultimate feasibility is not much in doubt.

The writer, London-based editor emeritus of the journal *Nature*, is author most recently of "What Remains to Be Discovered." He contributed this comment to *The New York Times*.

Worried by Bio-Shocks? Free Human Individuality Will Endure

By David P. Barash

SEATTLE — These are the days of bio-shocks: mapping the human genetic code, DNA fingerprinting, Cloning. And now, according to reports, the maintenance, in the laboratory, of human DNA fused with cow eggs. Not yet, but someday scientists may be able to introduce such hybrid cells into a needy body, where, if persuaded to perform as required, they could make healthy heart tissue, for example, or maybe even grow new limbs for amputees.

Pretty wild stuff, but not as wild as the implications of these and other bio-shocks for that most fundamental of all

concepts, our sense of what it means to be ourselves. As biological science becomes more competent, it also becomes more troublesome, especially for those who worry that it threatens to undermine the integrity of humanness.

By monkeying around with DNA, the argument goes, we degrade the meaning of being human.

Unsurprisingly, those most agitated about DNA technology generally portray themselves as humanists. That is, they value the human whole

parts. But in their anxiety to preserve human integrity in the face of biotechnology, the gene-o-phobes themselves are the ones who overvalue the significance of DNA.

DNA is only one component of our humanness. The genotype of each particular individual produces a human being (or a hippo, halibut or hickory tree) only after prolonged interaction with the environment. People are genetically complete at birth, but as selves they are woefully unfinished.

The existentialists had it right. From a religious thinker like Kierkegaard to an atheist like Nietzsche, they recognized that all human beings define themselves as unique, responsible individuals. In other words, our essence is ours to choose, depending on how we direct our selves with all our baggage, DNA included.

This is not to minimize our gene-based, Darwinian heritage. It is, rather, a reminder that within the vast remaining range of human possibility left us by our genes and our evolutionary past, each of us is remarkably, terrifyingly free.

We need not worry that someday, by dosing our DNA to help create another person or

by appropriating someone else's DNA to augment our own bodies, we are impinging on another's freedom any more than we are abrogating our own. Someone else with my DNA would still be someone else. And if I had liver cells derived from someone else's DNA, I would still be me.

To put it another way, DNA is just not that important. We are obligated to be ourselves, whether we like it or not. No bio-shocks will change that.

The writer, a professor of psychology at the University of Washington, contributed this to *The New York Times*.

After an Apology, Japan and China Should Be Partners

By Ralph A. Cossa

TOKYO — President Jiang Zemin will begin a visit to Japan this Wednesday, the first by a Chinese head of state. But there is a price. Beijing has demanded that Japan issue a detailed written apology for past aggression against China.

China is seeking "a clear and accurate picture" of past transgressions such as was contained in the "heartfelt apology" provided to South Korean President Kim Dae Jung during his visit to Japan last month. In that statement, Prime Minister Keizo Obuchi "humbly accepted the historical fact that Japan's colonial rule inflicted incalculable damage and pain on the Korean people," Mr. Obuchi has indicated that Japan will provide a similar apology to Beijing, as well it should.

The time for healing wounds is long overdue. A written statement of apology and remorse will help to hasten the healing process — provided that Beijing is really prepared to accept the overture. This remains to be seen. Japanese leaders from the emperor down have issued apologies to China before. Mr. Obuchi's predecessor, Ryutaro Hashimoto, made a fairly explicit statement of remorse just last year during a visit to China.

To date, these Japanese acts

of contrition have failed to satisfy Beijing, which has steadfastly refused to put the past behind and judge Japan based on what it is today and what it has done in the 50 plus years since the end of World War II. Will this time be different? Much, of course, depends on the nature of the apology.

But if Mr. Obuchi gives Mr. Jiang the specific written apology he wants, it seems fair to ask what Japan will get in return. President Kim of South Korea, in the joint declaration containing Mr. Obuchi's apologies, "sincerely recognized and appreciated the prime minister's honest interpretation of history"

and further pledged to "build a future-oriented relationship based on a spirit of reconciliation and friendship." Mr. Jiang should make the same pledge.

It is time for China to acknowledge publicly that without generous Japanese aid and direct investment, China would not be experiencing the level of economic growth it enjoys today. Japan has truly been a friend in need to China.

Beijing should also acknowledge that Japan's three non-principles and its decision not to develop an offensive military capability have contributed to peace and stability in Asia. Mr. Obuchi should demand an end to constant Chinese harping about Japanese remilitarization, especially since China's military, even after its planned downsizing, will be 10 times larger than Japan's Self-Defense Forces.

Mr. Obuchi should be prepared to challenge Chinese criti-

cism of Japan's decision to defend itself? Would it prefer that Japan defend itself by developing a counterstrike offensive missile capability, as China and North Korea have done?

Whichever way the Japanese and Chinese leaders meet is a mutual commitment to cooperate to build a better future. When President Kim of South Korea visited China this month, the joint communiqué said both countries were committed to build a "cooperative partnership for the 21st century." It is time for China and Japan to pursue a similar goal.

A sincere written statement of apology and remorse from Mr. Obuchi will provide further evidence that Japan has come to terms with its past. The key question that China must then answer is whether it will move cooperatively into the future with Japan.

The writer, executive director of the Pacific Forum CSIS in Honolulu, contributed this comment to *The Herald Tribune*.

No, Japan Isn't in Crisis, and America Talks Too Much

By Jacob Heilbrunn

The negative side is apparent today. This interlocking system is U.S.-style capitalism — open markets and a radical downsizing of inefficient corporations. That is the message President Bill Clinton preached during his visit last week.

On the eve of his journey, Mr. Clinton sent a belligerent letter to Prime Minister Keizo Obuchi demanding faster reform. Even the new Japanese plan to pump-prime the economy with a \$197 billion stimulus package has not been enough to satisfy Washington.

The Clinton administration is steadily upping the pressure on Japan to adopt the Anglo-Saxon model of free markets.

But nothing could be more mistaken.

Japan is unprepared to overturn its social and economic system at the behest of the United States, nor should it. Far from being in a depression, Japan is experiencing a normal recession. The free market panacea being marketed by the United States would aggravate Japan's woes by sending the country into social turmoil.

What about the effects of the recession on Japanese society? Crime rates, the unemployment level and the numbers of homeless still remain far below those in the United States and other Western countries. Walking around Tokyo or other cities, it is almost impossible to detect signs of an economic slump, let alone depression.

Sure, more taxicabs are idle in front of the swank Imperial Hotel, teenage prostitution is on the rise and youth crime is increasing. But those indicators of social ferment do not begin to approach U.S. ones. Overall, Japanese society seems to be bearing up under its economic difficulties quite nicely. The surprising thing is how few social problems have emerged.

The approach that the United States is urging on Japan to pull itself out of a radical upside in precisely those problems. The consensus society that exists in Japan would be overturned by the U.S. model. In Japan, the economy functions as a buffer against the kinds of social forces that the United States takes for granted. The last thing most Japanese want is massive layoffs or large pockets of inner-city poverty.

While the United States has increasingly large gaps between rich and poor, Japan remains an egalitarian society, if an ethnically exclusive one. The highest salary for a Japanese corporate head hovers at around \$600,000 a year, the kind of sums that someone like Disney Chairman Michael Eisner can command. The Japanese stupefied. The neoliberal economics touted by the Clinton administration would widen the gap between rich and poor; something that no Japanese government could afford to contemplate.

The Clinton administration's badgering of Japan is boomeranging. The prominent novelist and parliamentarian Shintaro Ishihara has just published a new book declaring that Japan is becoming "America's financial slave."

broadcasting stations along the Atlantic coast of North America, this having been demonstrated by a young American amateur. He distinctly heard two American stations between 2 A.M. and 3:30 A.M. Strains of beautiful music from the Aeolian Hall, New York, spanned the 3,500 miles separating the two sets.

Obviously, Japan and the United States have too much invested to go down separate paths. Instead of engaging in arrogant American triumphalism, which is stirring up nationalistic sentiment in Japan, Washington should realize that the United States needs Japan as much as Japan needs the United States.

The writer, a senior editor at the *New Republic*, is currently a media fellow at the Japan Society. He contributed this comment to *The Los Angeles Times*.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO**1898: Flying Machine**

WASHINGTON — The Board of Ordnance and Fortifications will investigate the possibilities of flying machines for reconnoitering purposes and as engines of destruction in times of war. Professor Langley, inventor of the aeroplane, appeared before the board in favor of experimentation. He explained the problems of aerostatics, the successful flight of his own invention and the progress made.

While the United States has increasingly large gaps between rich

OPINION/LETTERS

Starr's Tactic Is a Torrent Of Words, Few Answers

By Anthony Lewis

BOSTON — Kenneth Starr was a smooth witness last week, a seeming straight arrow. But when you look at what he actually said he was as straight as a corkscrew.

1. Monica Lewinsky was confronted by Mr. Starr's agents in a hotel last Jan. 16. "Wasn't it their purpose, he was asked in the House Judiciary Committee hearing, to get her to wear a wire and record Vernon Jordan or the president?"

"It was not," Mr. Starr said. Then he obfuscated: "We said one of the things that a cooperating witness can do is assist us in congressional monitoring. We described it at a high level of generality."

In fact, Ms. Lewinsky testified before the grand jury that Mr. Starr's people had asked her to tape Betty Currie, the president's secretary, Mr. Jordan and possibly the president. Bill Clinton's lawyer, David Kendall, produced an FBI report showing that Ms. Lewinsky's mother and father mentioned her wanting to wear a wire.

2. Ms. Lewinsky, when surrounded by Mr. Starr's agents on Jan. 16, immediately said she wanted to talk to her lawyer, Frank Carter. The agents disengaged Mr. Carter and discouraged her from calling him. Abbe Lowell, the Democratic committee counsel, asked about that.

"We would not encourage anyone who is involved in felonies, as we thought at the time, to in fact reach out to a lawyer," Mr. Starr replied. He added, "There is a very clear distinction in the law as to the rules of ethics between civil matters and criminal, and Crier was representing her in the civil matter."

Those were astounding statements for a lawyer to make. The law requires that a suspect who asks to talk to her lawyer be allowed to do so. Federal regulations require a lawyer's presence when a immunity deal is discussed. Prosecutors have no right to reject a suspect's choice of a lawyer on the ground that he was retained criminally for civil matters.

3. Mr. Starr was asked in the hearing whether he had requested attorney General Janet Reno to sign the Lewinsky matter to him. In 250 wandering words he seemed to deny that, saying he had worked collaboratively with the Justice Department "on the issue of jurisdiction." Ms. Reno's pe-

New York Times Service

**LETTERS TO THE EDITOR****Multimedia Corridor**

Regarding "2 Technology Advisers Resign" (Nov. 12):

Although in my recent correspondence with Prime Minister Mahathir bin Mohamad of Malaysia and in published articles I have sharply criticized the imprisonment in Malaysia of the former deputy prime minister, Anwar Ibrahim, and my friend Munawar Anees, I have not yet formally resigned from the International Advisory Panel of the "Malaysian Multimedia Super Corridor," as reported in the press.

I do not believe that this visionary project, which is important for the future of the Malaysian people and serves, in part, as a model and challenge to other countries, can flourish in the present climate of political repression. I am sure other members of the panel, including the heads of many giant software, computer and telecommunications companies, share this view. And I do not agree, as Mr. Mahathir has argued in response to my appeals, that the Multimedia Corridor project is purely a business matter and has nothing to do with politics.

The "cyberlaws" that he promised investors — complete freedom of access to information, and other Third Wave freedoms — are, in fact, clearly political. The creation of an Asian Silicon Valley is itself inherently political.

That is why I hope that even at this late date a calm and just resolution can be found to the conflict between those calling for reform in Malaysia and a once visionary prime minister, who in the past has prevented ethnic conflict, marginalized religious fanaticism, and helped replace rubber, tin, and timber with semiconductor or chips as his country's key export.

If Mr. Anwar and Mr. Anees are not released from prison unharmed as soon as possible, I will resign, as I suspect, will other members of the panel on whose investments the project depends.

ALVIN TOFFLER
Los Angeles.

Russian Weapons Sales

Regarding "Weapons Sales Rekindle China-Russia Relations" (Nov. 23):

One interesting point not mentioned by John Pomfret is that the Sukhoi Su-30 fighter-bomber that Russian officials are so eager to sell to China is being developed with funds provided by the government of India.

Russia has long since lost the ability to support its own aerospace industry, but India's funding of military science and technology has increased by more than 70 percent in the last two years alone.

The long-term trend is a greater than fourfold increase since the early 1980s, an increase so large

that India can now fund Russian projects as well as its own.

If India and Russia are "strategic partners," as they say, and Russia and China are "allies," can it really be true that China was the reason behind India's nuclear tests? Or is one of the three being less than entirely candid?

ERIC H. ARNETT
Stockholm.

The writer is project leader at the Project on Military Technology of the Stockholm International Peace Research Institute.

American Thigh

The picture of Madeleine Albright in the Nov. 16 edition sitting with her skirt high, her legs crossed and her left thigh prominently exposed, talking in Kuala Lumpur with Azizah Ismail — the wife of the imprisoned Deputy Prime Minister Anwar Ibrahim — who was clad from head to toe in the Muslim tradition, was for me a perfect evocation of what is wrong with the U.S. administration and its attitude toward the rest of the world.

Totally unaware of or unconcerned with the attitudes and mores of other cultures, determined to remake the world in our own image, going it alone, Americans flaunt our egocentrism and bull our way ahead.

BRUCE STEDMAN
Westport Maine.

The New Journalism Ethic: 'Just the Forecasts, Ma'am'

By Bruce Feiler

NEW YORK — For all the griping about the tabloidization of American news, there is a subtler shift going on in news coverage that is arguably even more corrosive: Increasingly, stories no longer report on the past — they report on the future.

Generations of Americans grew accustomed to turning on the television at dinnertime for a review of what had happened in the

MEANWHILE

world that day — in Washington, on Wall Street, overseas. Today, with news headlines a ubiquitous presence through the Internet and 24-hour cable channels, Americans get stories on what is going to happen the next day: what the president will do tomorrow, what the Dow Jones index will do tomorrow, what Saddam Hussein will do tomorrow.

While the explosion of news outlets has helped fuel this trend — one way to stay ahead of the competition is to report on things that have not happened yet — there are other culprits.

For instance, reporters and editors are inundated by reports from focus groups that say Americans want more "service" from their information outlets.

Predictions create the illusion of such service. Just as a weather forecast tells you whether to carry an umbrella, a market forecast tells you whether to call your broker.

Also, reporters hate to appear scooped in front of their colleagues. How many times have we heard this trope: "As expected, the Pentagon announced today ... or, alternatively, 'In a surprise move, President Clinton ... Who was 'surprised'?" Who was doing the "expecting"?

Beside the fact that predictive news is often wrong, what's corrosive, and maddening, about this trend is that it introduces a filter of superiority into news coverage that turns off readers and viewers. In effect, an omnipresent and omniscient media insider has become the uninvited and uncredited third person in every news story, saying, "Who would figure ... or, worse, 'Told you so.'

If reporters feel that the who, what, when and where of most stories have already been covered by the time they file, then the way to attract audience — and respect — is to speculate less on the what-hows and whys of the moment.

The writer is author most recently of "Dreaming Out Loud: Garth Brooks, Wynonna Judd, Wade Hayes and the Changing Face of Nashville." He contributed this comment to The New York Times.

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INTERNATIONAL INVESTING

The Internet Food Chain Has Developed, and It's Chow Time

By Leslie Walker
Washington Post Service

WASHINGTON — Since their inception, they have been quirky companies with cute names, amazingly erratic stock prices and meager profits. Now they are takeover bait.

They are the Internet darlings: Yahoo! Inc., Lycos Inc., eBay, Amazon.com Inc. and the others. The news that America Online Inc. was negotiating the takeover of Netscape Communications Corp. was enough to send investors — who must be reeling from all the soaring and crashing these companies' stocks have done in their young lives — back to their brokers to buy them at any price, in hopes that some of these companies will become the target of the next takeover bid.

The AOL-Netscape deal "might be the precursor to other, larger deals, because it highlights the fact that it will be difficult, no matter who you are or how big you are, to remain competitive," said Keith Benjamin, an Internet stock

analyst at BancBoston Robertson Stephens in San Francisco. "Most of the deals we've seen so far have been encouraging smaller players to merge."

Internet investors hope Mr. Benjamin is right. Internet stocks such as Amazon.com and Yahoo posted double-digit percentage gains on Monday after the AOL-Netscape talks were confirmed. Shares of eBay Inc., the online auctioneer, rose \$46 a share, or 31 percent, to \$193 Monday. eBay was up 188 early Tuesday.

While AOL's acquisition of Netscape would be the largest deal of its kind in the Internet world, it has many predecessors. So far this year more than \$195 billion worth of Internet-related mergers have been announced in the United States, according to Securities Data Corp., a Newark research firm.

That is nearly triple the already-hot pace of 1997, when the value of Internet-related deals totaled about \$69 billion. The explosion in deals, analysts said, is typical of the second stage of any industry life cycle — an explanation that

acknowledges that Internet companies are now an industry unto themselves.

The first stage is the creation, when small companies start with big ideas to try something new, backed by varying amounts of capital. The second stage is consolidation, when young companies race to grab market share before competitors do. In this stage, companies with ideas that worked or that have market buzz buy up rivals, starting to amass an operation with the kind of scale that gives them economic advantages. This is happening now in the Internet world.

Several Internet companies that run so-called portal sites — electronic entranceways to the World Wide Web — went on acquisition binges to bulk up this year, pausing only when financial markets ground to a halt in late summer.

Yahoo, for instance, used its stock to buy companies that provide complementary services to its basic search-engine business. Four11, an electronic-mail service; Viaweb, which produces electronic-commerce software, and Yoyodyne, which pursues direct

marketing on the Internet. Amazon.com used \$321 million worth of its own stock to acquire five businesses. Speeding the Internet industry consolidation is the high prices investors are willing to pay for on-line companies' shares.

"All of our valuation methodologies don't work," said a managing director at Bear, Stearns & Co., the Manhattan-based investment bank that earlier this month led the initial public offering of shares in theglobe.com Inc., an Internet portal company, on Nov. 13. Bear Stearns priced the shares at \$3. By the end of their first day of trading, theglobe.com shares were at \$63.50.

When an Internet stock is hot, it seems, the sky is the limit on the value investors place on it. The on-line auctioneer eBay, for example, has a market capitalization of about \$7.6 billion even though it had sales of only \$13 million in its most recent quarter. Executives at Internet companies know those lofty prices will not last forever. So, analysts say, the companies go on buying binges to lock in those valuations, converting

them to more tangible assets.

"The best way to leverage" such high stock price "is to buy things," said James Preissler, an analyst with PaineWebber Inc.

Internet acquisitions tend to be aimed at getting either customers or content. Lycos Inc., which operates an Internet portal site, went on a customer-acquisition spree this summer, snapping up companies that duplicated its own offerings under different brands but that brought new users to the Lycos Network. The five Web companies Lycos bought effectively converted \$117 million worth of its stock into new customers, content and technologies.

Yet another factor driving the consolidation is the small revenue pool that companies are fighting over. Total Web-advertising in the United States this year is projected to be no more than \$1.3 billion, less than 1 percent of advertising spending overall. With thousands of companies competing for the same online revenue pool, only a few will find the cash they need to survive.

Very briefly:

- Brazil's economy is expected to shrink 4.3 percent this year, according to J.P. Morgan & Co., which revised its forecast from a contraction of around 3 percent, as high borrowing costs stifle growth in the region's biggest economy.

- Federated Investors Inc. of the United States plans to form a joint venture with LVM-Versicherungen, a German insurer, to manage and sell mutual funds in Germany, Europe's third-biggest mutual-fund market, with \$290 billion in assets as of the end of March.

- California Public Employees Retirement System and Hermes Pensions Management Ltd. of Britain plan to join forces to strengthen shareholder voices in the companies in which they invest. The two fund managers said they had investments of more than \$62 billion in U.S.-based companies and more than \$36 billion in British-based companies.

- Finland plans to sell 20 percent of Fortum, a utility formed from Esste Group, an oil and gas company, and IVO Group, an electricity company, for 27 markkaa to 33 markkaa (\$1.10 to \$1.36) a share. *AFP/Bloomberg/Ruers*

Latin Bond Issues Hint Crisis Is Easing

By Jonathan Fuerbringer
New York Times Service

NEW YORK — The door to the global bond market has opened a crack, and Argentina and some Latin American companies are starting to slip through.

Their success in borrowing money in the past few weeks is a sign that the financial crisis that seemed so severe in emerging markets and elsewhere just two months ago is easing.

This reservoir of needed cash had been all but closed to borrowers from emerging markets ever since Russia effectively defaulted on its debt in mid-August. With the heat of the world financial crisis turned up to white-hot, investors were suddenly demanding a crippling 20 percent return for lending to these economically troubled nations.

Now the picture is changing. The U.S. Federal Reserve Board began to cut interest rates, and the International Monetary Fund revamped its rescue strategy, allowing the fund to offer assistance to a country before its economy

plunged into deep trouble. This month, the IMF, the United States and other countries agreed on a \$42 billion plan to stabilize the Brazilian economy. If Brazil's economy collapsed, many economists said, that would be sure to set off a far more serious worldwide economic crisis.

But investors, although willing to dip a toe in emerging markets once more, are still cautious about plunging back in, reflecting the sentiment the Federal Reserve expressed when it cut its interest rate target last week for the third time in less than two months.

"Although conditions in the financial markets have settled down materially since mid-October, unusual strains remain," the Fed statement said, as investors are snapping up only those issues with special extras that make the risk more palatable.

"Investors have money to put to work in this market, but they still need bells and whistles to attract them," said Rachel Hines, managing director for Latin American capital markets at J.P.

Morgan & Co., a lead manager for a \$1 billion Argentine issue that really pushed the door open.

Analysts are expressing the same caution about stock markets in Latin America, Asia and elsewhere, though those have done quite well lately.

The Morgan Stanley Capital International index of emerging markets is up 28 percent since Sept. 10 in dollar terms. The Mexican market has bounced back 40 percent, Argentina 66 percent and Hong Kong 54 percent. In Thailand, where the emerging markets collapse began in July 1997, the stock market has gained 79 percent this autumn.

Those rallies have meant profits for those who went in near the bottom but only cut the huge losses for investors who did not get out in time. The Morgan Stanley index had dropped 59 percent from its high before the crisis began.

Gary Kleiman, the head of Kleinman International Consultants in Washington, said he believed these advances were only traders' rallies and did not represent a return of money that would stay for the long haul. He is telling his clients to go in "only very selectively and only if they are prepared to go in and get out," he said.

Robert Pelosky, the global emerging-markets strategist at Morgan Stanley Dean Witter & Co., is also cautious but in the "glass is half full" vein.

"A two-week trip through Korea, Thailand, India and Hong Kong," he wrote in a recent report, "left me feeling that the big question is no longer survival but how long before economies bottom. As such, it's time to gradually begin looking back at the region for opportunities."

The modest reopening of the bond market is probably even more important to the health of Latin American and Asian markets than the bounce of the stock markets. Countries and companies all across the globe are starved for capital. If they do not get it, then a recovery will be much more difficult. It was this fear of a shut-off of lending of all sorts — and the economic collapse that could follow — that prompted the U.S. Federal Reserve to begin cutting interest rates in September.

The success of the Argentine bond issues holds broader significance, said Desmond Lachman, head of emerging markets economic research at the Salomon Smith Barney unit of Citigroup. "This does pave the way for more countries to come back into the market in the months ahead," he said.

The enhancements that have made these issues popular include guarantees of principal and interest payments, opportunities for the buyers to sell the bonds back to the issuer if prices fall and warrants that give the buyer the right to buy another bond in the future at a possibly advantageous price.

In addition, some corporate issuers are considering making their bonds attractive by tying the payment of principal and interest to future revenue. Some countries are also reopening bond issues, a move that investors like because, by increasing the pool, it makes it easier to trade those bonds.

The biggest new issue to date came Wednesday, the day after the Fed cut rates in the United States, when Argentina sold \$1 billion of seven-year notes in a deal led by J.P. Morgan and Deutsche Bank.

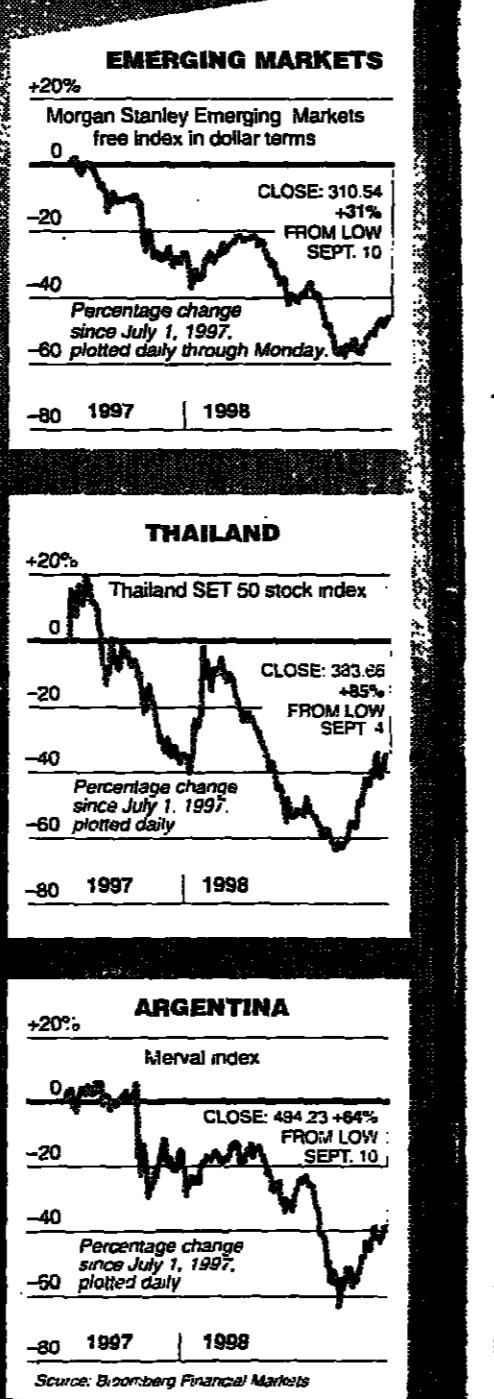
The bonus for investors was a warrant that gave them the opportunity to buy an existing 30-year Argentine bond at a price of \$93.30 for each \$100 on Dec. 4, 1999. The 30-year bond was priced at \$85.50 but would rally if the global financial crisis abated further; by the end of the week, it had already jumped to more than \$88.

According to Ms. Hines of J.P. Morgan, the issue was oversubscribed, with orders nearing \$1.5 billion. The yield on the bond was 11 percent, which was 6.26 basis points, or 6.26 percentage points, above the yield on the comparable seven-year U.S. Treasury note.

On Thursday, Petroleos Mexicanos, the oil company also known as Pemex, was the first Mexican company to come back to the market since the Russian crisis. It sold \$600 million of 10-year notes that could be returned to the company after three years for their face value. Pemex also is considering a bond offer in which it will pledge future oil revenue to pay off the principal and interest.

In late October and in November, the Argentine government reopened two existing bond issues to raise \$250 million and \$300 million.

Joyce Chang, manager of emerging markets research at Merrill Lynch & Co., said there had also been some new issues in German marks.



China Is Testing Potential Demand For \$1 Billion Global Bond Issue

By Robert F. Waller

HONG KONG — China may begin to sell as much as \$1 billion of international bonds this week, its first bond sale in more than a year, bankers familiar with the sale said Tuesday.

Announced in June, China delayed the bond sale as credit markets around the world tumbled. The sale could restart as soon as this week, bankers said, because investors might be willing to accept a lower yield as the outlook for debt markets improves.

The investment banks hired to sell the bonds — Credit Suisse First Boston and Goldman, Sachs & Co. — declined to comment on the timing. There is "no official information about issuing international bonds this year," said Liao

Lumin, a spokesman for the Chinese Ministry of Finance.

Traders said China asked banks last week to begin gauging how many bonds investors would buy and how much they would be willing to pay for new government debt. The feedback so far leads bankers to think China may go ahead with the sale, they said.

China needs the cash because many government-linked investment companies are having trouble paying foreign debts. China's international trust system — a group of government-owned companies that borrow offshore to lend and invest locally — are strapped for cash as short-term debts that were used to finance long-term projects mature. Several have missed loan payments in recent weeks.

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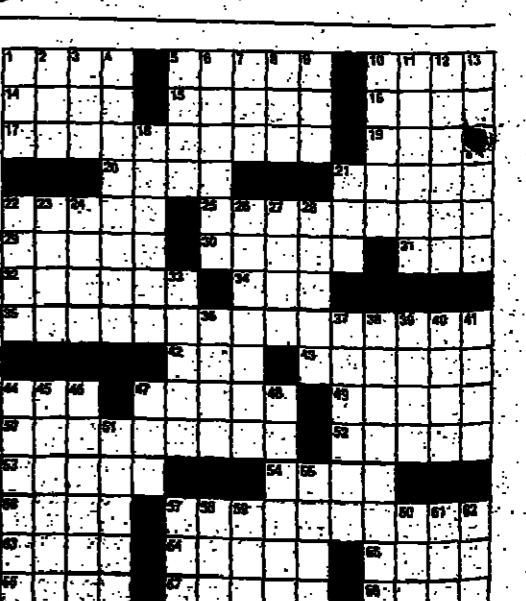
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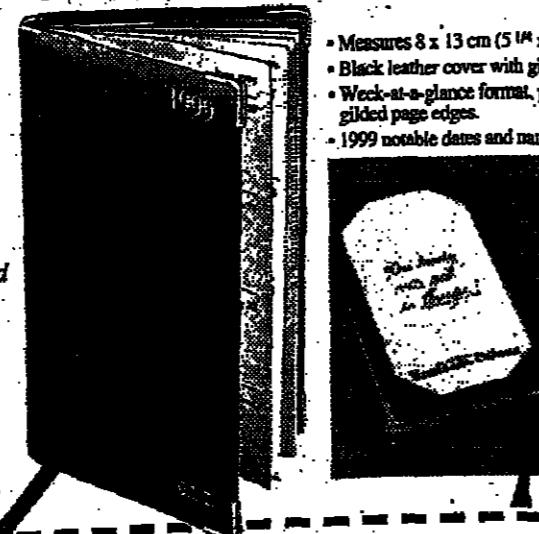
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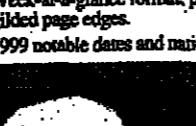
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CAREERS IN EUROPE

CUSTOMIZED CANDIDATES FOR FINELY TUNED POSITIONS

Increasingly: European recruiters are looking for sector-specific skills and cultural savvy on top of the right kind of diploma.

Economic recovery in Europe has fostered a skills shortage that is creating new challenges for companies seeking highly qualified executives, managers, professional and technical staff. The onset of the year 2000 and of the euro are adding to problems in finding and recruiting suitable candidates in fields such as information technology and financial services, while global expansion is accelerating the need for those with multicultural experience.

As a result, companies are turning more and more to executive search organizations that span borders and are expanding their own in-house recruitment capabilities, as well as upgrading their training and incentive programs.

The use of contract employees, especially for particular projects, is also increasing at all levels, including senior management.

Branching out
"Our clients are looking for a multicultural environment," reports Christian Pape, managing director of Pape Personnel Consultants in Munich. "The old type of manager who can only fit into a conservative German environment isn't needed anymore." Companies such as Siemens, Sony, Oracle, Novell and Motorola, he adds, use his firm "because they want to get outside stimulation."

Language skills and experience working in different companies and cultures are important for candidates, particularly those under the age of 40, Mr. Pape notes. "This shows flexibility," he

says, adding that it is more important than continuity in a job. His clients, he says, regard personality as the "key decision criteria," except in very technical positions such as C++ programmers or Webmasters.

In Ireland, the huge growth in the number of high-tech companies setting up pan-European or global operations, together with the Irish tradition of loyalty to employers, has led to a critical shortage of potential candidates, says Keith Ellis, senior consultant at the Dublin branch of the British-based Hamilton Parker Associates.

The tendency for Irish university graduates to seek work abroad has added to the problem. "Companies are no longer able to simply rely on networking and advertising in the domestic press to get the quality and quantity of staff," Mr. Ellis says. "A more proactive path needs to be taken, looking beyond Ireland's borders and actively searching for appropriate employees wherever they may be. In many cases, this will not only include expats who, given the right package, would look to return home, but other European nationals attracted by the thought of working in the Emerald Isle for contracts of two years or more."

Trading up
Such cross-border recruiting does not come cheap, however, and companies are having to re-examine their pay and incentive packages, says Pam Flora at Hamilton Parker's international headquarters in Britain. While graduates in Britain may enjoy a reasonable standard of

Continued on page 17

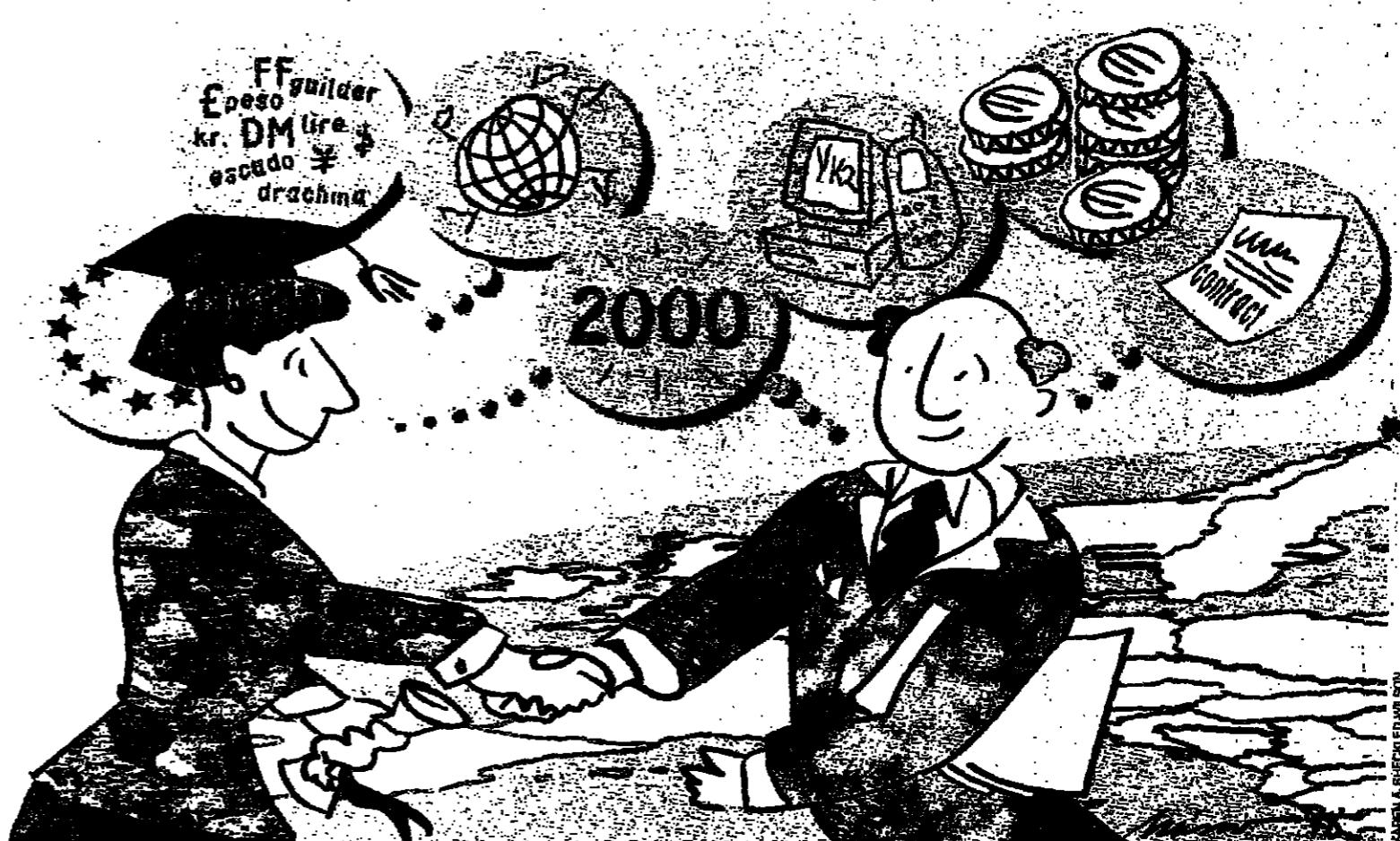
living on 18,000 pounds (\$30,000) a year, based on deductions of 20 percent to 25 percent, they would need the equivalent of almost 30,000 pounds in Germany, where deductions can amount to up to 50 percent.

Some nationalities also require a standard relocation package. "The Dutch expect six weeks' basic pay to offset the inconvenience of moving," Mr. Flora adds.

The specialist human resources Web site (www.hr-network.co.uk) run by Octave Consulting Ltd. reports: "Multinational firms are implementing resources to enable them to run global recruitment programs while smaller firms are keen to recruit a workforce with the language skills and cultural awareness needed to undertake overseas posts."

Nevertheless, expectations still vary considerably across national borders, according to a survey carried out for the European Managerial Decision Making Project, which was set up in 1994 by Fondation HEC, an affiliate of Groupe HEC. In Germany, managers expect to be remunerated on the basis of an individual's own performance, whereas in France, the performance of the group, not the individual, is seen as important. A sharp contrast is also evident concerning promotion prospects: in Germany, the individual's performance is deemed the main criterion, but in France promotion is expected to be linked to seniority and group loyalty.

"Most companies will want to utilize search techniques," says Nicola Jolly,



GLAMOUR AND COURTSHIP AWAITS ENGINEERS

Prone to waiting by the telephone not too long ago, engineering graduates are now being flooded with offers.

Europe's companies are going to great lengths to recruit engineers. Graduating employees are routinely flown to such desirable vacation spots as Mallorca or the Côte d'Azur, where they get the chance to meet their prospective employers' top managers in between bouts of sky-diving, yacht racing and other activities. Top graduates now routinely receive offers from these companies.

This is all a far cry from half a decade ago, when rather than courting engineers, companies were busy turning them down. Positions were few and far between. In Germany, the number of

graduating chemical, electronic and other kinds of engineers was between six and nine times greater than the number of jobs available.

High demand
Today, Europe is facing an engineer gap. Demand for engineers is expected to exceed the supply by 100,000 in 1998, estimates Germany's Verein Deutscher Ingenieure.

Recruitment from without has partially caused this night-and-day change. The crushing shortage of qualified personnel now prevailing in the United States has made American recruiters a common sight at European

career forums and other recruitment events. Also boosting demand has been the move by such companies as Arthur Andersen, Roland Berger and McKinsey into the technical sides of their clients' businesses. Management consultants have added new manufacturing process roll-outs, on-line networking of corporate operations and the establishment of quality-control systems to their repertoire of services. This expansion has fueled their need for engineers, preferably those possessing an MBA or equivalent degree.

The classic hirers — Europe's manufacturers — are also recruiting heavily. In the early 1990s, the

companies zealously and often blindly trimmed their workforces. A lack of jobs for engineers was the result, convincing matriculating students to go into other fields. As a result, continuing a several-year, Europe-wide trend, the number of beginning students signing up for engineering at Germany's universities in autumn 1997 was down by more than a third compared with a year earlier.

Not all kinds of engineers are equally sought-after. Europe's public works sector is in a slump, as is the construction industry. Graduate

Continued on page 17

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CAREERS IN EUROPE

ENTREPRENEURS FIND WARMER WELCOME

Start-ups, takeovers and increased competition in Europe are all offering more choices to those starting out on the business ladder.

A record amount of venture and other forms of capital is being made available to company founders in Europe. According to a study commissioned by the European Venture Capital Association, in 1997 venture capital providers invested 20 billion Ecu (\$17 billion) in start-ups and other young companies. That was 150 percent more than in 1996, and it brought the total invested by such companies to more than 80 billion Ecu.

This growth in venture capital was particularly ex-



Seed money provides a boost.

Y2K OFFERS ONCE-IN-A-MILLENNIUM OPPORTUNITY

For some job-seekers both old and young, there may be a definite silver lining to the millennium-bomb cloud.

Several one-time events are creating exceptional opportunities for programmers, analysts, software consultants and project managers in Europe. The "Year 2000 bug" is creating extraordinary demand in the area of software maintenance at all geographic regions. Simultaneously, Europe must ready its information infrastructure for monetary union in January 1999. These two events have boosted demand in the European information technology sector, which was already showing signs of recovery from the dark days of the early 1990s.

The "Year 2000 bug," in which computers will have difficulty recognizing the changeover from the year 1999 to 2000, is predicted to pose problems ranging from the annoying — the VCR gets confused and refuses to record your favorite show — to the cataclysmic: the possible shutdown of air-traffic control and emergency health-care systems, telephone networks and banks. No one actually knows the scope of the problem because it affects everything from the mainframe computer at the bank to any of the hundreds of embedded systems in planes, cars and all kinds of devices that aren't normally thought of as computers. In the United States



The key to starting or restarting a career can be in responding to a short-term requirement.

ripple up through the economy. "UK organizations have now completed just about half their work on the millennium issue, but there is still much to be done," says Chris Webster, UK head of Year 2000 Services at Cap Gemini, a global consulting firm that is both working on

the problem and tracking international progress through its Millennium Index. A recent estimate put the shortage of computer professionals in France alone at 15,000, including 7,000 for the Y2K problem. To deal with the shortage, France has created a program for accelerated training intended to transform 2,500 young generalist graduates into computer specialists. Other countries have similar programs as part of larger Year 2000 plans, such as Action 2000 in Britain, the Millennium Platform in the Netherlands, Year 2000 Action Plan in Denmark, and Forum 2000 in Belgium.

Employment is that even investigating, let alone addressing, a problem of such magnitude requires tens of thousands of information technology professionals in Europe. With the first phase of monetary union weeks away and Y2K months away, Europe already has large task forces working on these problems, but many opportunities remain. Small companies are lagging behind large organizations in dealing with the problem, and their lack of preparedness may cause supply-chain problems that

employed professionals in France.

Besides the obvious opportunities for programmers, who must review literally tens of millions of lines of "legacy code" (programs not maintained in years or decades), testing for compliance accounts for a large percentage of the task. There is also need for managers and coordinators, writers, translators and people to create and teach seminars to help businesses evaluate their situation and prepare for Y2K and the euro.

Most companies hiring people to work on them plan to keep and retrain them for other things after monetary union and Y2K are addressed. This underscores that information workers of the next century should count on constantly evolving and educating themselves throughout their careers.

Charles Tobermann

and Western Europe, military systems, civilian air-navigation systems, emergency health-care equipment, telephone networks, electric power stations and major financial institutions will be mostly prepared and continue to function. In developing countries, preparation will no doubt be much less advanced.

Despite the dire possibilities, the good news for em-

ployed professionals in France.

Recent graduates are lacking some of the skills needed to fix this problem, such as knowing obsolete programming languages like COBOL," notes Pierre Dellis, general secretary of Syntec Informatique, a professional organization that includes IT service companies and software publishers. "Given the tight deadline, it is difficult to train them in time. We have put into place a program for putting older, unemployed computer professionals back to work in jobs related to Y2K, after which they will be retrained on newer technologies and remain in the workforce." The program has relaunched the careers of some 600 to 700 unem-

ployed professionals in France.

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Charles Tobermann

Companies and Grads Flock to Job Fairs

WHETHER they go by the name of recruiting congresses, job fairs or career forums, a large and growing number of potential-employees-meet-employers events are taking place. Most of them are well-attended.

At the 1998 installment of the German Congress of Graduates, being held Nov. 25-26 in Cologne, more than 400 companies and 12,000 college graduates will be on hand. A comparable large event, the European Career Forum, will be held Dec. 4-5 in Berlin. Also being staged in December is the Euromanager fair in Paris.

At these events, graduates get the opportunity to meet a large number of potential employers. Many of them conduct job interviews at the fairs, allowing the inter-

viewees to keep their travel costs down.

This cost-effectiveness also constitutes one of the job fairs' primary attractions for the companies participating, explains Birgit Hock, spokesperson for Forum Verlag, the company organizing the event in Cologne. "Such events offer companies an inexpensive way of meeting a large, diverse group of qualified applicants," she points out.

"Inexpensive" must be music to the ears of the recruiting companies, which rarely hear the word nowadays. According to international personnel experts, companies spend an average of about \$12,000 per head in recruiting new employees, with the bulk of this stemming from travel and entertainment costs.

EUROPE'S NEW CAMPUS: THE CORPORATE UNIVERSITY

In-house programs are agents of change in a shifting business landscape.

As is frequently the case with business trends, the rush by companies

to found their own schools of business administration and management sciences started in the United States. There are now more than 1,000 of these so-called corporate universities in the United States alone, half again more than a decade ago. A number of them, including those of General Electric and Sun, are widely regarded as prime engines of their companies' success.

The trend is now spreading through Europe. On April 1, 1998, in a widely publicized move, Lufthansa founded its School of Business, the first of its kind in Europe.

Following suit have been Daimler-Benz, the country's largest industrial corporation; Bertelsmann, Europe's largest media company; and a number of other heavy hitters in Europe, including Ikea.

These C.U.s, to use the new abbreviation, are of considerable size. Founded in August, Daimler-Benz's has an enrollment of 5,000 managers.

Their attendance at the company's school of business is both in-class and virtual, via a specially developed intranet.

This trend follows on the heels of two others. First,

the world's MBA programs have been busy customizing their curricula

to meet the particular needs of various industry sectors and of individual companies, which the programs now work with on a continuing basis.

Lufthansa, for instance, was already working with the London Business School and Ashridge Management School, among others. Deutsche Bank regularly dispatches personnel to Duke University in the United States for further training and "internationalizing."

Up through the ranks

These bouts of outside training, in turn, generally form part of the "hiring to senior echelons" management development programs that are now the rule in Europe's major companies. These programs are focused on annual stints at the companies' management institutes, where young executives get the chance to work through case studies and to meet face to face with top managers.

Add in the range of other occupational development programs open to young managers, including internships at other

companies and information technology programs, and the question arises: What does a C.U. do that these other programs don't?

A number of companies, including Lufthansa, are using the founding of a university to put their educational houses in order, to combine what had become a variegated gaggle of programs into a single, unified entity.

Tightly focused programs

Another factor is the rapid pace and broad scope of market and technological change. According to the AACSB's 1997 survey of corporate universities, the main focus was inculcating skills with a broad impact and short shelf life, generally in programs of a year to 18 months. These involved areas ranging from new supply-chain software to in-company health care.

As the survey notes, the C.U.'s exclusive focus on corporate needs makes it better-suited to create new curricula than the standard business school, which is tied to providing general-interest content of longer duration.

"The perfect change agent" is how the C.U. was described in the survey — an agent combining independence of vision with depth of knowledge about the company it serves.

Not everyone waxes enthusiastic about the new

waxing enthusiasm about the new

CAREERS IN EUROPE

WHEN IT'S A FAMILY AFFAIR

Maintaining a family-run business through the generations can be ticklish.

Britain's aristocratic Grosvenor family, currently headed by the sixth Duke of Westminster, started building up its property assets in the 17th century. Today, the family company — Grosvenor Estate Holdings — controls vast estates in London, including much of Mayfair and Belgravia, together with large residential and commercial holdings in North America. It also manages property funds around the world worth about \$6 billion and is extending its activities into continental Europe.

As family companies go, Grosvenor Estate Holdings is an exception. Most family-controlled businesses fail to make it through the second generation, and only about one in 10 survive the third. Yet businesses of this type play a vital role in maintaining national economies and boosting employment across Europe.

"Family firms face a multitude of issues that other companies do not," says Ludo Van Der Heyden, the Vendel/CIGP professor for the large family firms at INSEAD in Fontainebleau, France. "In particular, there is a mixing of family relationships involving emotional issues — often tacit rather than spoken — with hard managerial questions.

Against this background, it is often possible to leverage family issues to the advantage of the business in terms of provision of capital and assets. At the same time — and more surprisingly — it is also frequently possible to leverage the company for family and social advantage without ruining the business."

Mr. Van Der Heyden cites the example of the Bonnier family of Sweden. "They have succeeded in operating the family company both to generate profits and to exercise a social role in Swedish society," he says. "They are, for instance, patrons of the arts."

Economic pillar
According to Panikos Poutziouris, fellow in management of the small and medium enterprises business development center at Manchester Business School in Britain. "The family business economy represents 85 percent of all enterprises across the EU. Moreover, firms of this type account for around half of the EU's employment and economic activity."

The Netherlands provides a good example. "Forty-seven percent of Dutch companies with 100 or more employees are family businesses," says Roberto Hjörne, who works on family business issues at Nijenrode University, the Netherlands Business School, "and 83 percent of all businesses in the Netherlands are family-owned." In addition, family businesses ac-

count for 46 percent of jobs in the Netherlands and 54 percent of the gross domestic product.

Says Mr. Poutziouris: "As competition intensifies, globalization grows and technology shakes up markets, there is at the same time ceaseless scope for the family business to professionalize and broaden its capital base, together with its financial and entrepreneurial management know-how. It is imperative to extend the financial equity base, since profits otherwise are not enough to finance the investment program needed to sustain the competitiveness of the business. Moreover, although the family by itself can support the early development of the business, there is a need to strengthen the management team for the regeneration of family entrepreneurship. This needs to be done partly with family managers, but also with professional managers from outside the family."

Cash vs. control

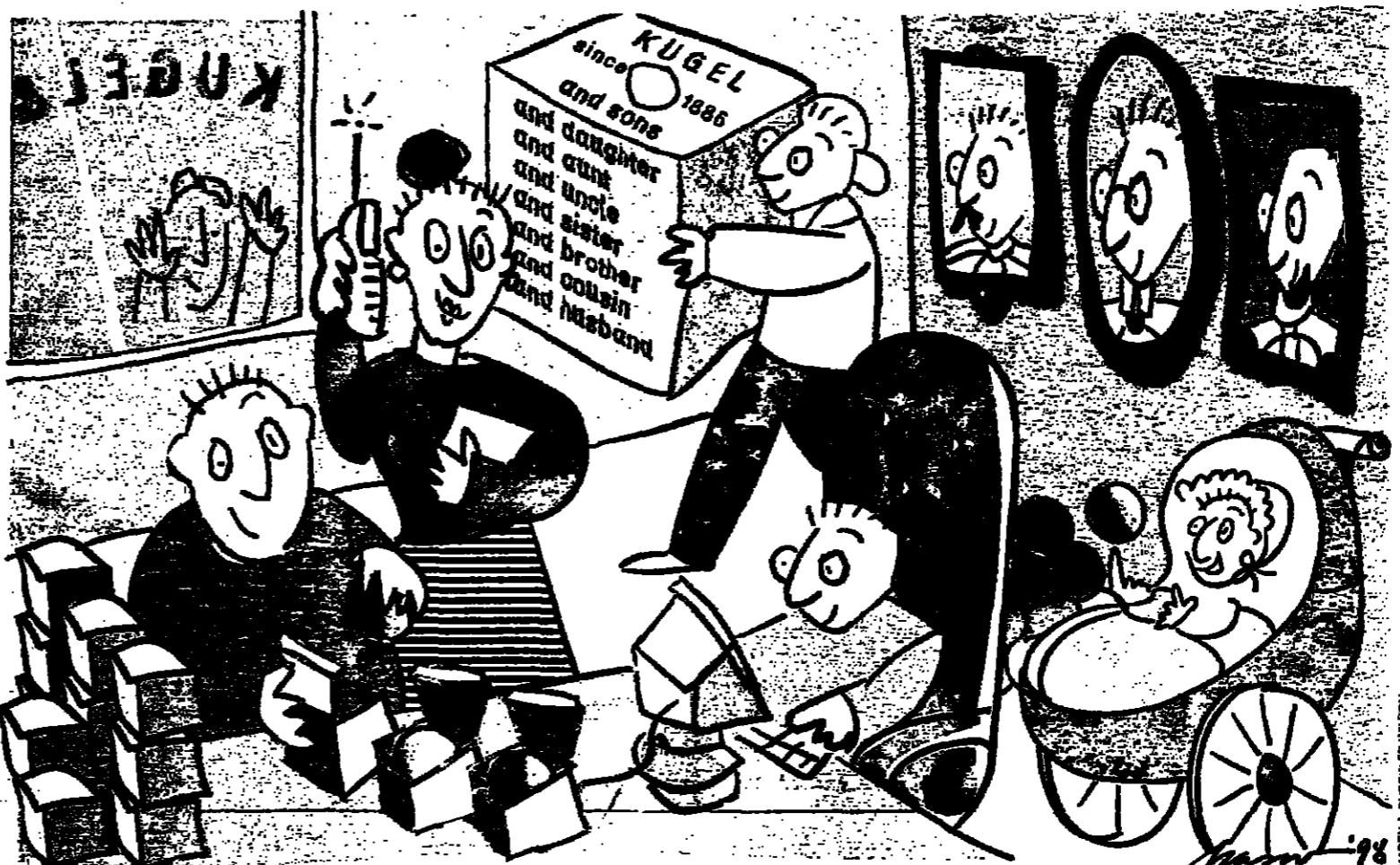
Joachim Schwass, professor of family business at IMD in Lausanne, stresses that successful family businesses often need to seek a stock exchange listing in order to obtain equity funding for further rapid growth. "This inevitably means giving away a measure of control, but the move can have many unexpected positive side effects," he says.

"One example is Hemnes in France," he points out. "The family benefited from the decision to go for a stock exchange listing, since it put pressure on them to become even more professional in their management strategy and to develop their markets even further. Also, going public provides scope for family members who wish to sell some or all of their shares."

Succession is a major issue in family firms. "The most difficult succession issue is from first to second generation," says Mr. Schwass. "The first-generation CEO is the person who built the business. He has an especially strong ego and a 'hero' image. He finds it difficult to let go of control, and his children find it difficult to stand up to him."

Many family companies — even larger ones — go out of business at the end of the first generation. "This is because they fail to develop and continue to do the same thing for too long," says Mr. Gallo. "To enable family companies to continue to the second and third generations, it is necessary to set up structures such as a board of directors and a management committee. Also, the first-generation CEO has to know when it is time for him to give up control."

Michael Rowe



KAREN A. SCHERMERHORN

FINANCE HOUSES LOOK TO INVEST IN TECHIES

The recruiting focus of Europe's financial institutions has moved from the trading floor to the electronic platform.

Europe's financial community is still seeking people with expertise in managing international securities exchanges and foreign-exchange operations. But rather than recruiting these people directly off the trading floors in New York and London, the Continent's finance houses and exchanges are scouring business schools and information technology companies. The change is a product of international finance's move toward electronic trading and transaction systems.

In the early 1990s, one of the first moves made by the relaunched stock exchanges in Riga, Budapest, Prague and other Central and East European cities was to hire staff members working at the major bourses in Britain and the United States, or students graduating from Anglo-American MBA programs with a specialty in

security dealing. It made sense: the Anglo-American stock exchanges were light-years ahead of their European counterparts in terms of the business of running and overseeing a securities exchange and its various clearing and settlement bodies.

This "expertise edge" led newly founded banks like Leipzig's Landesbank Sachsen Girozentrale to recruit teams of foreign-exchange and treasury specialists working at finance houses in Britain and the United States. This headhunting was not, however, restricted to continental Europe's new bourses and banks. Teams of Anglo-American mergers and acquisition specialists were among the hottest items on Europe's job market throughout the '90s, with Deutsche Bank and other heavyweights paying top prices for their services. Rather than hiring Anglo-

American experts, a number of other finance houses and exchanges chose to work with international consultants with a demonstrable know-how in this area.

The great skills shift
By now, thanks to these hirings, continental Europe's banks and securities exchanges offer a range and sophistication of services rivaling those of their Anglo-American counterparts. Does this mean that the expertise edge has become a thing of the past?

Says Maryam Marquardt, responsible for personnel development at Deutsche Börse AG, the corporate parent of the Frankfurt Stock Exchange, the German Futures Exchange and various electronic trading and clearing systems: "Though smaller, the edge is still there, and

will be for perhaps another five years. That will have a commensurate effect on recruiting. Today, we're also strongly looking for a new kind of international expertise, and that's in the setting up and running of the transnational IT platforms increasingly becoming the norm in the world's financial community."

Unlike in the past, this expertise isn't confined to the Anglo-American financial community. Thanks to SAP and other companies, Germany has become a prime source of high-tech expertise. "We're recruiting heavily among the country's IT specialists as well as in other finance-related areas and, via our dedicated Web site, around the world," says Helmut Potthoff, head of human resources at Deutsche Börse, whose IT services subsidiary is in the process of recruiting 100 employees. T.S.

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CAREERS IN EUROPE

THE NEW MASS-MARKET AND CROSS-BORDER APPROACH TO RECRUITING

Just like other companies, headhunters are responding to the increasing globalization of the business world.

Recruitment firms throughout Europe are looking at innovative ways to expand their businesses in a period of globalization. The franchise system is one new approach being embraced, along with the development of cross-border allegiances and the introduction of Internet-based systems.

Franchising allows international recruiters to drastically enlarge their pool of potential candidates while reducing business risks and minimizing costs. Executives who take up this kind of franchising are finding an attractive new career that offers the potential of better earnings, flexible work and challenging new roles. Most have spent years in blue-chip companies, often in specialist roles, where they have developed a wealth of international contacts with both companies and their senior managers that can be put to excellent use in the field of recruitment.

Humana International is one of the fastest-growing franchisers in the world. Founded in 1992, the company has used Britain as a base to expand into other parts of Europe and Asia, and currently operates in 17 countries through 140 offices. Altogether, some 300 consultants are involved. Small, medium and large blue-chip companies are provided with executive search services ranging from mid-professional to board level.

Trickle-down economics
Humana's founder and managing director, Doug Bugie, explains that his company wants to expand into the mass market as well as internationally. "Just focusing on the top 100,000 pounds sterling level is only 5 percent of the market," he says. "There's much more business in the 30,000 to 70,000 strata, involving tens of thousands of posts to be filled."

Humana looks for strong executive talents to run the franchised offices.

"We want to train the best franchisees, people who can deal at top level, typically earning 30 percent of a placement's first-year income as a reward. We have owners who are enjoying significant incomes."

Says Kevin Cox, Humana's corporate marketing director in Eton: "The vast proportion of people who've joined in the last year don't need to leave [their former jobs]. They're walking away from highly paid jobs because they can earn considerably more than in their companies. We're looking for people who want to build businesses, not just be a one-man band."

'By working closely with our European partners, we are able to offer a one-stop-shop solution'

The new multinationals
Other recruiters are expanding their businesses internationally. British-based recruiter Hamilton Parker Associates says that this allows the company to conduct strategic cross-border campaigns aimed at enlarging the pool of potential applicants.

There are hurdles involved, however. "Taking the pan-European path is not easy," says Keith Ellis, senior consultant at the company's office in Dublin. "It requires a good grasp of the individual nuances that exist within the countries and cultures of Europe, as well as an understanding of what will, or will not, attract candidates from each country."

Recruiters, he adds, "must understand the relevant comparative employment laws, the appropriate salary packages, the type of adverts and approach to adopt, the areas and countries from which candidates are likely to move, the tax implications, the appropriate remuneration packages, the relevant paperwork and visa requirements."

Hamilton Parker has also helped to found a broad alliance of European firms—PHP International—involved in cross-border search and selection. It includes Menway Consultants in Grenoble, France; Oslo-based Preus Consult; and Pape Personnel Consultants in

Munich, Germany. Menway has formed Alpway Conseil, a concern that caters to human-resources needs throughout the Alpine region.

Preus Consult, which covers the electronics, telecommunications and information technology sectors throughout Scandinavia, says the alliance reflects the growing international outlook of the company's clients. "By working closely with our European partners, we are able to offer a one-stop-shop solution to their recruitment needs," observes Kolbjorn Preus.

managing director. Throughout the industry, the use of the Internet is increasing as well, thereby facilitating international exposure. The Online Career Center (www.international.occ.com) is just one of many companies offering positions in the United States and Asia as well as in Europe, including the possibility of applying on-line. Other companies are expanding their Internet use to help market their services in both their home countries and abroad.

P.A.S.



Recruiters are helping international companies put the necessary pieces together.

AVERTING BRAIN DRAIN

France hopes to keep high-tech workers, among others, at home.

French young people are fleeing the land of wine and cheese for greener pastures abroad.

According to the French Embassy in London, 60,000 French citizens are

living or working in Britain officially, but there may actually be as many as 200,000 guest workers in the country.

At the French consulate in San Francisco, located near Silicon Valley, another haven for French expatriate workers, around 40,000 French expatriates are registered, and the real number may be double that figure. At a time when U.S. high-tech employers are begging for skilled workers, the temptation for French techies to head west is strong. Another sector that is being drained of its local talent is scientific research, as many young French researchers struggle to find work in their field at home.

What are the jobs are

Why are the French, notorious for their

strong attachment to their culture and

cuisine, taking their savoir-faire

abroad? For a variety of reasons, perhaps first among them the country's

high level of unemployment.

Although unemployment eased in

September for the first time in four

months, to 11.7 percent, France's un-

employment rate is still uncomfortably

high. Only 55 percent of French people

over the age of 15 are employed, com-

pared with almost two-thirds in the

United States.

Young people are particularly hard-

hit by unemployment. For those under

the age of 25, the rate was 26.9 percent

in September. One of the reasons for

the widespread demonstrations by French

high school students this fall was their

worry that their education was not pre-

paring them for the job market.

Other explanations for the exodus

are France's high social charges and

complicated bureaucratic procedures,

with resulting high business costs that

discourage entrepreneurship, as do the

country's high tax rates.

Ambitious young people who want

to set up companies see too many bar-

riers in their own country and take their

ideas and talent to more open econo-

mies like those of Britain or the

United States, where raising capital is

easier and enterprise is encouraged.

Another problem is what might be

termed the stagnation in the French

workplace. Aline Songer, a young

French secretary for an audiovisual company, is planning to pack her bags and cross the Channel at the beginning of next year, because she believes that she will find more opportunity and openness on the job market. "Everyone has a chance there," she says, pointing out that in French companies, there is less room for advancement or career changes. "Employees are compartmentalized in France," she says.

Even Belgium has been seen as an easier place to do business by Parisian art dealers who have moved their galleries to Brussels. One of them told *Le Monde* earlier this year that his cost of doing business in Brussels was 10 times less than in Paris.

What can France do to stem the brain drain? First, attack unemployment. Many commentators saw September's drop in the jobless rate to 11.7 percent as a positive sign. The number of unemployed decreased by 43,000, 5 percent less than the comparable figure a year ago, indicating that France is creating jobs and that the economy is on the right track. In the first six months of 1998, France created jobs at a faster rate than at any other time during the past 10 years.

Economists point out that domestic demand is strong and predict that unemployment will continue to decline, boosting domestic spending further. The latter rose by 9.1 percent in September over the same period last year, the fastest rate seen in 10 years, according to Insee, the government statistical bureau. The European Commission predicts an economic growth rate of 2.6 percent for France in 1999.

Single market efforts
European Union policies may also help to attack some of the problems that are driving French job seekers and entrepreneurs to foreign shores. The European Commission's Employment Guidelines are based on four pillar concepts: employability, entrepreneurship, adaptability and equal opportunities. Revisions to the guidelines for 1999 call for "a review and reform of tax and benefit systems to make it more attractive to take up work or training opportunities," as well as job creation in the services sector. "Future increases in the overall employment rate will depend on an expansion of jobs in services," the Commission's report said.

Heidi Ellison

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The Specter Of Deflation Haunts U.S. Economists

By Reed Abelson
New York Times Service

NEW YORK — Deflation in America? Don't be ridiculous. Most investors are quick to dismiss the notion of deflation, an economic environment defined by widespread declines in the prices of goods and services. Accustomed to the inflation of the past half-century or so, they expect ever higher prices for their cars, their homes and — perhaps most important — their stocks. They simply cannot imagine a world where most items they buy behave the way that computers do now — getting cheaper year after year.

But the truth is that a lot of smart people are thinking about the possibility — and not just the Cassandra's of the stock market who insist that a crash is coming. After a period in which the U.S. economy could seemingly do no wrong, with inflation low and growth rebounding, there is now talk among economists, money managers and strategists about the odds of deflation taking root here.

"We went from the New Paradigm to deflation, from June to August," said Byron Wien, an investment strategist at Morgan Stanley Dean Witter. Even with the recent rally in stocks, he said, "the word 'deflation' is still on everybody's lips."

Like many others, however, Mr. Wien does not think deflation is likely to take hold. So why all the buzz? Because there are just enough signs of deflation — such as the flood of cheap steel into this country or the briefly negative yield in six-month Treasury bills in Japan — to make people pause.

Even the U.S. Federal Reserve Board chairman, Alan Greenspan, has mentioned the subject, and his willingness to cut interest rates again this week suggests that he is more concerned about the economy contracting than about inflation.

[Alice Rivlin, vice chairman of the Federal Reserve, said Tuesday that despite the risk of global recession, deflation "is not a near-term worry," Bloomberg News reported. However, she noted, there has been a "decine in commodity prices generally around the world, largely due to the global economic crisis."]

If the average prognosticator is wrong and the U.S. economy does slide into deflation, investors are likely to have a hard time adjusting. For all the turns of the business cycle, deflation has been essentially nonexistent in the United States since the 1930s, and few investors have spent much time considering the impact of even a mild decline in prices — an average of just a percentage point or two a year.

Few money managers are old enough to have had firsthand experience with deflation. "The problem is that nobody, with few exceptions, has ever seen a real deflationary environment," said Timothy Morris, chief investment officer for Bessemer Trust Co. in New York. "We are not sure what it means."

Like inflation, deflation does not come in a single flavor. Economists are careful to distinguish, for example, between the deflation that wreaked havoc during the Great Depression and the more benign variety seen in the late 1800s.

The former type took a firm hold when demand fell everywhere, driving down prices and putting millions of people out of work. The latter coincided with the arrival of the Industrial Revolution in the United States. Prices fell because both production and productivity soared, and both workers and business could afford to keep demand strong. Some analysts see parallels between that period and today, given the advances occurring in technology.

But no one is sure. This could be



A growing chorus of economists and market strategists worries that deflation could pose the biggest threat to Americans' prosperity. But deflation outlooks differ in their likely significance for investors. Here are three:



This kind of deflation, reminiscent of the Great Depression, is marked by price falls that fall because there is too little demand from consumers and companies. There are precious few places for investors to hide.

Stocks of nearly every description become mired in a deflationary morass.

Treasury bonds are big winners as interest rates fall.

Real estate is a losing proposition.



This is the kind of deflation experienced by the United States during its Industrial Revolution; the manufacturing economy expanded dramatically while prices fell steeply. In today's economy, some analysts say, technology industries are already in such a phase.

Stocks manage nice gains overall; companies that prosper are likely to be those that push innovation.

Bonds generally do well.

Real estate prices decline somewhat, but there should be no debacle.



Even mild deflation can create havoc as companies, consumers and investors adapt to new expectations. But if the economy is well-managed through the transition, the adjustment need not be too painful.

Stocks: Investors should look for low-cost producers or companies in industries that tend not to feel much pricing pressure.

Bonds should remain attractive once interest rates have fallen.

Real estate outlook is mixed: While today's valuations do not seem too high, owners who have borrowed excessively may be in trouble, and any weakening of demand will hurt prices.

Illustrations by Chris Galante

CURRENCY & INTEREST RATES

Cross Rates

	U.S.	E.U.	U.K.	Can.	Sw.	Fr.	Yen	Sw.	Peru	U.S.
Amsterdam	1.207	1.175	1.225	1.205	1.245	1.207	1.205	1.205	1.205	1.205
Bremen	1.207	1.175	1.225	1.205	1.245	1.207	1.205	1.205	1.205	1.205
Frankfurt	1.1897	1.157	1.215	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
London (G)	1.1897	1.157	1.215	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Munich	1.2028	1.170	1.225	1.205	1.245	1.2028	1.2028	1.2028	1.2028	1.2028
Milan	1.2028	1.170	1.225	1.205	1.245	1.2028	1.2028	1.2028	1.2028	1.2028
New York (D)	—	1.1897	1.205	1.205	1.245	1.1897	1.1897	1.1897	1.1897	1.1897
Paris	1.2028	1.170	1.225	1.205	1.245	1.2028	1.2028	1.2028	1.2028	1.2028
Tokyo	1.1897	1.157	1.215	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Toronto	1.1897	1.157	1.215	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Zurich	1.1897	1.157	1.215	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897

Forward Rates

	30-day	60-day	90-day	120-day	180-day	240-day	360-day	480-day	600-day	720-day
Germany	1.2028	1.1897	1.205	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Swiss franc	1.2028	1.1897	1.205	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
U.S. dollar	1.1897	1.157	1.215	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Canadian dollar	1.1897	1.157	1.215	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Dutch guilder	1.2028	1.1897	1.205	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Other Dollar Values	—	—	—	—	—	—	—	—	—	—
Currency	Per \$	Per £	Per €	Per \$	Per £	Per €	Per \$	Per £	Per €	Per \$
Euro/dollar	1.2028	1.1897	1.205	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Swiss franc	1.2028	1.1897	1.205	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
U.S. dollar	1.1897	1.157	1.215	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Canadian dollar	1.1897	1.157	1.215	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Dutch guilder	1.2028	1.1897	1.205	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Other	1.2028	1.1897	1.205	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Euro/dollar	1.2028	1.1897	1.205	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Swiss franc	1.2028	1.1897	1.205	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
U.S. dollar	1.1897	1.157	1.215	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Canadian dollar	1.1897	1.157	1.215	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Dutch guilder	1.2028	1.1897	1.205	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897
Other	1.2028	1.1897	1.205	1.1897	1.205	1.1897	1.1897	1.1897	1.1897	1.1897

*Currencies: 1995/96: KBC Bank (Belgium); Banca Commerciale Italiana (Italy); Royal Bank of Canada (Canada); Société Générale de France (Paris); State Bank of Yokohama Mitsubishi (Tokyo); Republic National Bank of New York (U.S.A.)

Deutsche Bank Move Stirs German Jobless Fears

By John Schmid
International Herald Tribune

FRANKFURT — Deutsche Bank AG's bold move this week to expand onto Wall Street by buying Bankers Trust Corp. awakened new fears Tuesday of lost jobs at home and widened an already deep split between corporate Germany and Bonn's new leftist government.

German business executives and a growing number of politicians allied with the new government said that Bonn had failed to adapt the nation to the global economy, often leaving long lines of layoffs in its wake. Meanwhile, they said, German business had moved ahead, often at high cost and great risk, to remake and internationalize itself.

"Business and politics are drifting apart," said Albrecht von der Hagen, spokesman for the German Industry Federation.

Even as Germany's largest bank announced plans to acquire Bankers Trust, Chancellor Gerhard Schroeder came under renewed pressure to rip up his cautious economic program and come

up with a new one meant to invigorate investment and attack chronic near-record unemployment.

The split between business and government is not new, although it is a trend that has accelerated markedly in recent days. German boardrooms and think tanks have criticized the policies of Mr. Schroeder's new government as dithering and disjointed ever since the September election.

But this week for the first time they came with new urgency from political heavyweights within Mr. Schroeder's own party, further heightening uncertainty over the direction of German economic policy.

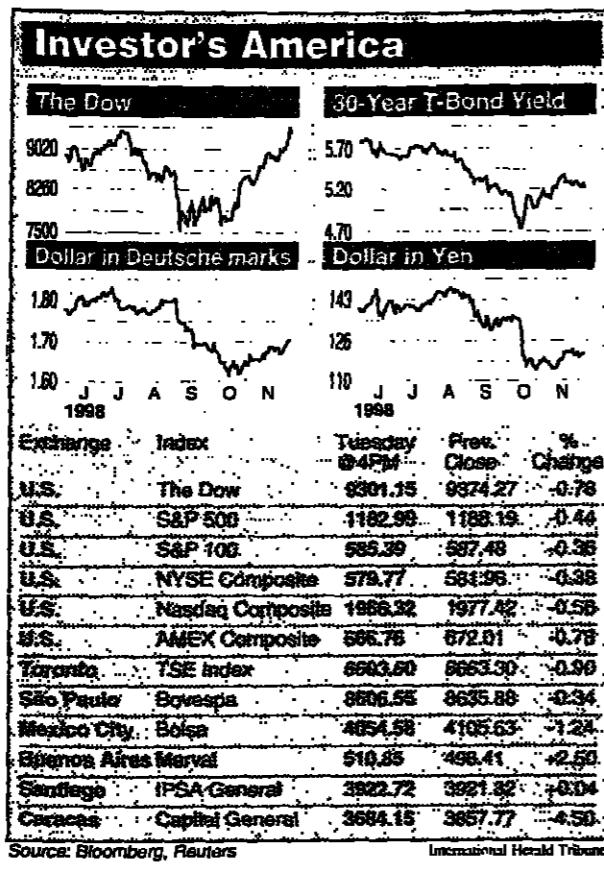
Most stinging were fears that Bonn's coalition of Social Democrats and Greens could miss its goal of reducing unemployment because of its muddled tax plans. That warning came from Wolfgang Clement, premier of North Rhine-Westphalia, who has been one of

Mr. Schroeder's most important party allies but has become an open critic.

Mr. Clement, a leader in the party's pro-business wing, said Mr. Schroeder's tax plan would heap an additional tax burden of 30 billion Deutsche marks (\$17.6 billion) on business and make crucial medium-sized companies into "losers." Mr. Clement opened the door for the party's backbenchers to join the clash within the coalition. Three other influential state premiers from Mr. Schroeder's Social Democratic Party threatened Tuesday to block his tax legislation with a veto in the upper house of Parliament that they control.

The new government, which

THE AMERICAS



Source: Bloomberg, Reuters

Very briefly:

- Michael Bennett pleaded guilty to three counts of conspiracy, perjury and obstruction of justice in U.S. District Court in New York. His brother, Patrick Bennett, former chief financial officer of the now-bankrupt Bennett Funding Group, is scheduled to go on trial Dec. 7 on 10 counts of securities fraud, mail fraud, bank fraud, money laundering and concealment of assets stemming from an alleged nationwide Ponzi scheme in which 12,000 investors lost more than \$700 million from 1990 to 1996.
- MCI WorldCom Inc.'s Japanese division said it would become the first foreign-owned company to offer voice and data service to the Tokyo market on its own network. The service is expected to start Wednesday.
- General Mills Inc. plans to take a \$32 million charge in its second quarter to restructure operations and dismiss a total of fewer than 200 workers. The U.S. cereal maker plans to consolidate manufacturing and close some warehouse, distribution and sales operations. The charge will also cover the costs of restructuring a venture with PepsiCo Inc. called Snack Ventures Europe.
- Computer Associates International Inc. acquired LDA Systems Inc., an information management and consulting services firm, for an undisclosed sum.
- Oxygen Media, a company formed by Nickelodeon's former president, Geraldine Laybourne, will team up with Oprah Winfrey, a U.S. television talk-show host, and Marcy Carsey, a producer, to create a cable network to provide entertainment, news and sports programming aimed at women.
- Norstar Inc., which provides information technology and communications services to businesses, said it would cut its work force by about 7 percent, or 200 employees, and posted second-quarter earnings of \$3.7 million.
- Credit Lyonnais SA, Bayerische Hypo- & Vereinsbank AG and Deutsche Bank AG will finance construction of a 455-room hotel on top of an entertainment and retail complex in Times Square in New York and a hotel in Battery Park City in lower Manhattan.

AP, Bloomberg, NYT, Reuters

Dollar Rises On Europe's Rate Outlook

Bloomberg News

NEW YORK — The dollar rose slightly against the Deutsche mark Tuesday as a report showing a big decline in German import prices raised speculation that interest rates could fall in Europe.

That would be beneficial for the dollar, as lower rates in Europe with the adoption of the single currency Jan. 1 in 11 countries would lower returns on European investments.

FOREIGN EXCHANGE

"There are increasing odds that could a European rate cut prior to introduction of the euro," said John McCarthy, head of foreign exchange at ING Barings Capital Markets. "There are enough cracks in the door" for that to happen, he said, and "that's helped underpin dollar-mark."

German import prices sank 5.7 percent in October from a year earlier, the biggest drop since May 1987, the Federal Statistics Office said. In addition, two of Western Germany's largest states, Bavaria and Baden-Wuerttemberg, reported Monday that consumer prices rose 0.6 percent for the month to November from a year earlier.

In 4 P.M. trading, the dollar rose to 1.7037 Deutsche marks from 1.7035 DM on Monday.

The dollar was also helped against the mark by a report that the U.S. economy grew more strongly in the third quarter than had been reported earlier. That, combined with the strong rebound in the stock market, has reduced the chances of further cuts in U.S. interest rates.

The dollar also was higher against the yen even though stocks surged in Japan and rose elsewhere in Asia and as Japanese banks announced plans to write off trillions of yen in bad loans.

"The Nikkei performance" could be positive for the yen, said Keisuke Aso, a manager at Bank of Tokyo-Mitsubishi Ltd. Combined with the bank write-offs, it suggests Japan's economy may be showing "signs of recovery," he said. Japan's Nikkei 225 stock index climbed 2.6 percent on Tuesday to 15,164 — its first time above 15,000 points in three months.

The dollar also was higher against other currencies, the dollar rose to 5.7123 French francs from 5.7113 francs and to 1.4063 Swiss francs from 1.4040 francs. The pound rose to \$1.6601 from \$1.6573.

Against other currencies, the dollar rose to 1.2713 British pounds from 1.2712 pounds. The dollar rose to 1.4057 pesos from 1.4056 pesos. The peso rose to 1.2045 pesos from 1.2044 pesos.

AP, Bloomberg, NYT, Reuters

AOL and Netscape Still Make an Odd Pair

By Amy Harmon
New York Times Service

NEW YORK — When Marc Andreessen and his fellow whiz kids from the University of Illinois arrived in Silicon Valley in 1994 to found Netscape Communications Corp., the brash new darling of the digital elite was the antithesis of America Online Inc., which was widely perceived as a shelter for technical "newbies" unprepared for the brave new world of the Internet.

The fact that the two companies have agreed to unite is a measure of how much the divide between Internet sophisticates and mere computer-using mortals has narrowed.

But however sound the business sense of AOL's purchase of Netscape might be, the vestiges of the culture clash were reflected in the dark humor that has been circulating on the Internet. And the results could be anything but

funny. It is a clash, say industry analysts, that could color the future of the two companies.

"I think AOL still has all the stigma that always had, as far as image goes," Jamie Zawinski, a Netscape founder who now oversees part of the company's browser development, wrote to a reporter Monday afternoon, a day before the deal was announced.

Among the jibes making the electronic rounds were spoof lyrics meant to be sung to the tune "The Night They Drove Old Dixie Down": "The lesson is you can't live long/ Unless you market to the clueless throng/The night they sold old Netscape down/And all the browsers went corporate."

For their part, America Online partisans did not waste time crowing. "The battle is over, AOL wins," announced a posting to one Internet news group. Such juvenile exchanges may be more of a throwback to the elated sparing of times past than a harbinger of the future.

But the very numbers that make the combination appealing also underscore the extent to which two of the most potent icons of the Internet appeal to different audiences. According to the tracking firm NetRatings, the users of the two companies' Web sites only overlap by about 23 percent. Still, the more pressing question for many who would like to see Netscape's Navigator browser survive as a viable alternative to Microsoft Corp.'s Internet Explorer is what America Online will do with the company's technology-development arm.

This year, Netscape released the source code to its browser, allowing anyone to submit changes and new features. While the company had little to lose in the move, as it was also announcing free distribution of its Navigator browser, it was seen as a sign that Netscape's values were in the traditional open spirit of the Internet. Microsoft, in contrast, epitomizes the closed, proprietary model of software development.

J.C. Penney To Acquire Drugstores

Reuters

PLANO, Texas — J.C. Penney Co. said Tuesday it had agreed to acquire Genovese Drug Stores Inc. for \$432 million in a move to increase its presence in the drugstore industry.

The deal, in which J.C. Penney also assumes about \$60 million of debt, calls for Genovese shareholders to receive J.C. Penney stock valued at \$30 for each share of Genovese common stock they own. Genovese's Class A shares closed down 62.5 cents at \$29.375 on Tuesday, while Penney was off \$2.4375 at \$52.50.

The retailer said Genovese, which operates 141 drugstores in New York, New Jersey, and Connecticut, would become part of its Eckerd drugstore operation, creating a chain with about 2,900 stores in 20 states with sales over \$12 billion.

The deal is expected to reduce Penney's profit for financial 1999 but to increase it slightly in 2000, the company said.

Penney has nearly 1,200 department stores in all 50 U.S. states and Puerto Rico, two stores in Mexico and one in Chile.

AP, Bloomberg, NYT, Reuters

International Paper to Buy Union Camp

Compiled by Our Staff From Dispatches

PURCHASE, New York — International Paper Co., the largest paper company in North America, said Tuesday that it would acquire Union Camp Corp., a smaller paper and forest-products company, for \$6.6 billion in stock and assumed debt.

The accord illustrates a continuing consolidation in the paper industry, in which there have been several big acquisitions in recent years as companies have sought to become more efficient.

The agreement values Union Camp at \$71 a share, or 45 percent more than the company's closing price Monday.

Its shares surged \$16 Tuesday to close at \$64.9375, while Interna-

tional Paper fell \$1.8125 to \$44.

The announcement came just a week after the company was formed in a transaction that created the world's largest maker of cardboard boxes.

Smurfit-Stone — formed by the purchase of Stone Container Corp. by Jefferson Smurfit Corp. — will take a fourth-quarter charge of as much as \$350 million to cover the cost of job cuts and restructuring the company. It will shut mills that produce about 1.1 million tons, or 17 percent of the U.S. capacity for heavy brown paper. It also will sell assets to reduce its debt burden of about \$6.4 billion. Smurfit-Stone said it wanted to cut production to alleviate an oversupply of containers.

(AP, Bloomberg)

ECONOMY: Consumers Again Lead U.S. to Strong Growth

Continued from Page 1

Vietnam War, according to the National Bureau of Economic Research Inc.

And there are few signs that inflation — holding for the past two years at historically low levels — will reignite soon. In the third quarter, the GDP price deflator, a measure of price increases, grew at a 0.8 percent annual pace. That was down from a 0.9 percent annualized increase in the both the first and second quarters and was the smallest increase since a 0.6 percent rise in the third quarter of 1959.

Earlier in the year, the Federal

Reserve Board chairman, Alan Greenspan, credited "near price stability" in the U.S. economy with creating a "virtuous cycle" that was feeding the expansion. That has allowed the Fed to cut interest rates three times in the past nine weeks, helping the stock market rebound. A wave of mergers has powered the latest stock-market rally, but many manufacturing companies are facing a profit squeeze. They must pay higher wages because skilled workers are scarce but cannot raise prices in the face of competition from Asian nations trying to export their way out of their economic slump.

And while overall economic growth was strong in the third quarter, coming after an anemic advance at a 1.8 percent rate in the second quarter, the report contained seeds of a possible slowdown that some economists expect for 1999. For example, a pileup of unsold goods in inventory accounted for nearly one-fourth of overall growth.

Another report Tuesday showed that factory orders for big-ticket goods fell 1.7 percent to \$189.49 billion last month. It was the first drop in five months and reflected weaker demand for industrial goods, Commerce Department figures showed.

(AP, Bridge News, Bloomberg)

The Trib Index									
Prices as of 4:00 P.M. New York time									
Jan. 1, 1998 = 100	Level	Change	% change	year to date	% change	1998	1997	1996	1995
World Index	197.88	-0.17	-0.09	+14.97					
Regional Indexes									
Asia/Pacific	94.29	+2.65	+2.89	-1.85					
Europe	226.51	-2.06	-0.90	+17.34					
N. America	277.41	+0.14	+0.05	+29.44					
S. America	94.86	-0.80	-0.94	-37.87					
Industrial Indexes									
Capital goods	290.95	+0.51	+0.18	+36.01					
Consumer goods	220.28	-1.00	-0.40	+17.43					
Energy	199.56	-0.89	-0.44	+2.36					
Finance	138.31	+0.71	+0.52	+12.48					
Miscellaneous	166.71	+4.22	+2.31	+24.57					
Raw Materials	171.98	-0.20	-0.12	+2.83					
Service	204.55	-1.37	-0.57	+17.35					
Utilities	177.78	-1.52	-0.85	+6.54					
The Trib Index	197.88	-0.17	-0.09	+14.97					

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 280 internationally investable stocks from 25 countries.

Compiled by Bloomberg News

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Sweden Again Cuts Key Rate

Bloomberg News

STOCKHOLM — The central bank cut its benchmark interest rate for the second time this month Tuesday, in the latest move by a European central bank to reduce borrowing costs amid slowing growth and subsiding inflation.

The Riksbank lowered its securities repurchase rate by a quarter-point, to 3.60 percent, the lowest rate since the bank started using these repurchase agreements in June 1994. Denmark is expected to follow suit this week, analysts said.

For this fourth, six European countries have lowered their borrowing costs as economic growth and inflation forecasts were reduced for the region and as 11 nations — not including Sweden — prepared to join a single currency in January. The Swedish rate reduction could help revive investment and economic growth.

"It's definitely positive for us; it removes another obstacle for new building projects," said Goesta Sjoestrom, director of information at Peab AB, a Swedish construction company. The company expects more business now that financing costs are lower.

Sweden's action coincides with cuts this month by Britain, Spain, Portugal, Denmark and Ireland. In addition to central bank concerns about slowing growth as inflation ebb, countries in the euro zone may lower their key rates to the 3.30 percent benchmark in time for the Jan. 1 start of the euro. The nations in the euro zone are Germany, France, Italy, Spain, the Netherlands, Belgium, Austria, Finland, Portugal, Ireland and Luxembourg.

"Central bankers are concerned about growth in Europe," said Stephanie Pfeifer, an economist at Deutsche Bank AG in London, who expects European rates to fall further next year.

IMF Leaves Moscow Without Releasing Aid

Agence France-Presse

MOSCOW — Russia abandoned hope of earning a reprieve from its mounting debt payments Tuesday as another delegation from the International Monetary Fund left without releasing aid to the country.

IMF negotiators ended their stay here by expressing disappointment with Russia's efforts to improve its tax collection and draft a realistic budget for next year.

As a result, Russia's attempt to reschedule repayment of \$4.5 billion in IMF loans that come due in 1999, and to fill its empty coffers with currently frozen installments of loan payments, fell flat.

It was the latest in a string of meetings since Russia's financial collapse in August that have failed

to produce concrete results. But the latest breakdown was especially sober for the estimated 42 million Russians — nearly one-third of the population — who live below the poverty line and rely heavily on foreign help to survive the bitter Russian winter.

Since 1992, the IMF and World Bank have pledged \$23 billion to Russia. Germany and France alone have offered more than \$3 billion in assistance to Russia since 1996.

Many of these loans, however, are coming due when Russia can least afford to repay them. Moscow has already announced plans to restructure \$17 billion in foreign debt maturing next year.

Russia's creditor banks, meeting in London on Tuesday, said they

were considering offering holders of 281 billion rubles (\$16.57 billion) in defaulted domestic debt, way to recoup part of their investment in dollars. But on Tuesday, the IMF refused to reschedule Russia's payment of its share of that debt.

"The IMF does not grant deferments," Deputy Finance Minister Oleg Vyugin said. "But the Fund could give new credits under certain circumstances."

Fund officials have not yet scheduled a date for their return to Moscow, although Russian officials say more negotiations may be held in Russia next month.

Analysts said they expected Russia and the Fund to reach a compromise soon because Russia could not afford to ignore the IMF's pre-

scriptions for fixing its economy.

Oil and Gas Joint Venture

Russia's biggest oil producer and its biggest natural-gas company agreed to jointly develop new fields in western Siberia to make up for a shortage of cash for exploration and development as foreign companies pull out of Russian projects, Bloomberg News reported.

OAO Gazprom and OAO Lukoil said they would jointly create the infrastructure needed for developing Siberian oil reserves and would cooperate in oil and gas transportation as well as in gas refining.

"We'll cut costs by doing together things which we're now doing separately," said Reni Vyakhirev, Gazprom's chief executive.

Global Slump Hobbles EMI

Reuters

LONDON — EMI Group PLC, the British music giant, posted a sharp drop in first-half profit Tuesday and held out little hope for an improvement in the full year because of weak global markets outside the United States.

EMI's pretax profit fell 11 percent, to £68.6 million (\$113.38 million), in the half-year that ended in September. The results exclude losses at HMV Media Group, of which EMI owns 43 percent. Including those losses, as well as amortization and other items, EMI's pretax profit was £41.7 million, short of analysts' forecasts of £45 million to £60 million.

EMI's shares fell 3 pence to close at 361. The shares had rallied recently because of speculation about a possible takeover by Bertelsmann AG of Germany or by News Corp., the world media empire controlled by Rupert Murdoch.

EMI, which has a roster of musicians including the Beatles, the Spice Girls and Smashing Pumpkins, said a weak performance in the Asia-Pacific region, Latin America and Europe had offset strength in North America. Despite strength in the U.S. market, EMI's full-year profit in North America is unlikely to grow at the same rate because its U.S. schedule of music releases was weighted toward the first half.

Some in OPEC Favor Longer Output Cuts

Bloomberg News

VIENNA — With oil prices at their lowest level in a decade, signs emerged Tuesday that members of the Organization of Petroleum Exporting Countries were in favor of extending a reduction in output.

OPEC members support extending the cuts — now scheduled to expire in mid-1999 — for six months longer, a source familiar with Gulf states' oil policies said.

OPEC members will decide whether to extend or deepen their production cuts, or do both, at a meeting Wednesday.

A deeper production cut has not been ruled out, the source said. But

analysts said that while such a move would make sense, it was unlikely because most OPEC members are strapped for cash and fearful of losing customers to non-OPEC producers.

"They need to do something more than roll over the existing cuts," said Jim Short, a broker with PVM Oil Futures Ltd. in London.

"The market is telling them that they need to make more cuts."

Ten of OPEC's 11 members agreed to cut production in March and then deepened those cutbacks in June, pledging to slash their production by 2.6 million barrels a day, or 9.6 percent, for one year.

The cuts have failed to reduce a glut of oil or to lift prices.

Brent crude oil for January delivery was up 5 cents to \$11.35 a barrel late Tuesday in London. The contract fell to \$11.15 a barrel last week, the lowest since the contract began trading a decade ago.

"There is too much oil on the market," said the Venezuelan oil minister, Erwin Arrieta.

Kuwait and Algeria are expected to call for more cuts when the group meets Wednesday. But the three largest OPEC producers, Saudi Arabia, Iran and Venezuela, have made it clear that they are unlikely to support additional cuts.

AT&T and BT Face Further EU Scrutiny

Bloomberg News

BRUSSELS — AT&T Corp. and British Telecommunications PLC are likely to face as much as four more months of European Union scrutiny of their global joint venture, a senior EU official said Tuesday.

The announcement by the official, who asked not to be identified by name, means the planned \$10 billion joint venture between the largest U.S. and British phone companies, which is to offer voice,

data and Internet services to corporations, might not receive a final EU ruling until early April.

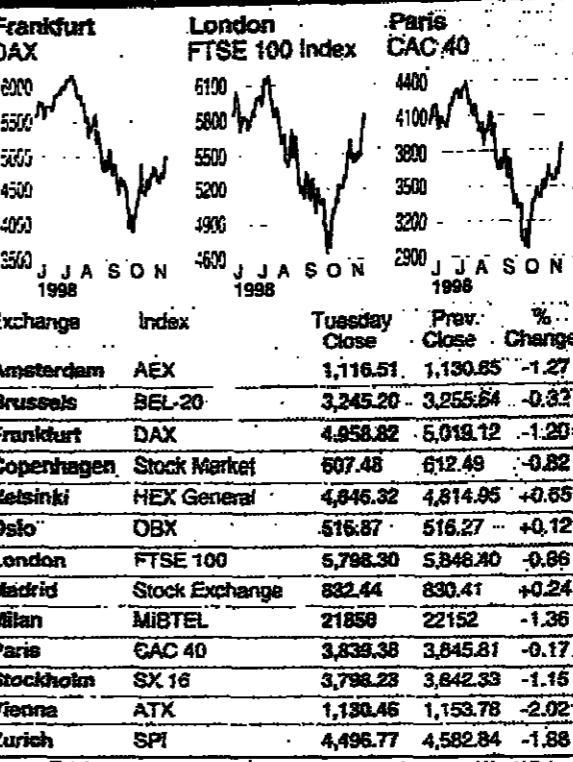
EU regulators have said they are looking particularly closely at their combined 20 percent share of the cables that carry calls between the United States and Europe. Even so, the surge of competition from MCI WorldCom Inc. and other rivals laying down phone lines means the venture is unlikely to dominate trans-Atlantic traffic, analysts said. The BT-AT&T venture is being reviewed

under EU rules, which allow the European Commission to extend its initial one-month review by as much as four months if it has "serious" concerns that the venture may claim an excessive share of EU markets.

Rush for Telecom Shares

Public response to the pending sale of France Telecom SA shares has prompted the government to increase the number of shares being sold from 32 million to 47 million, Agence France-Presse reported.

Investor's Europe



Source: Telekurs International Herald Tribune

Very briefly:

• Eidos PLC, a European publisher of entertainment software, said its net loss widened 15 percent from a year earlier in the six months that ended Sept. 30, to £13.8 million (\$22.8 million), on increased marketing costs and a 70 percent decline in the value of its stake in Opticon AS of Norway.

• Sorin Biomedica SpA, Italy's biggest medical-equipment company, agreed to buy COBE Laboratories Inc., a U.S.-based maker of products used in open-heart surgery, from Gambro AB for \$267 million.

• PolyGram NV bought a 70 percent stake in B&M Music to become the market leader in the Czech Republic, with a 20 percent market share. Terms of the deal were not disclosed.

• KPN NV plans to cut national call rates an average of 10 percent Jan. 1, cutting an estimated 330 million guilders (\$171.7 million) from the Dutch phone company's annual sales.

• Airports PLC said it planned to look for acquisitions next year after the company, Britain's second-largest package-holiday company, issued \$250 million in bonds. It also reported a pretax profit of £140.3 million for the year ended Sept. 30, up 33 percent, as revenue grew 17 percent, to £3.06 billion.

• Union Bancaire Privee SA, a closely held Swiss bank with about \$35 billion in assets under management, set up a subsidiary in Paris as a first step in expanding in institutional fund management in the euro-zone countries.

• Germany's competition watchdog, the Federal Cartel Office, fined the Italian clothing maker Benetton SpA 2.5 million Deutsche marks (\$1.5 million) over allegations of price-fixing in Germany.

• Marston, Thompson & Evershed PLC, a British brewer and pub operator, plans to cut 90 jobs, or 1.8 percent of its work force of 5,000, mostly at its Burton, England, headquarters, in a cost-cutting effort.

AFP, Bloomberg, Reuters

WORLD STOCK MARKETS

Tuesday, Nov. 24

Daily prices in local currencies

Telekurs

High Low Close Prev.

Amsterdam AEX Index 1114.71

Previous: 1114.71

High Low Close Prev.

Denmark Borsen 8894 8895 8895 8895

Previous: 8895

High Low Close Prev.

Denmark Borsen 5711 5710 5710 5710

Previous: 5711

High Low Close Prev.

Denmark Borsen 5710 5709 5709 5709

Previous: 5710

High Low Close Prev.

Denmark Borsen 5709 5708 5708 5708

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Previous: 5706

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Previous: 5705

High Low Close Prev.

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Previous: 5704

High Low Close Prev.

Denmark Borsen 5703 5702 5702 5702

Previous: 5703

High Low Close Prev.

Denmark Borsen 5702 5701 5701 5701

Previous: 5702

High Low Close Prev.

Denmark Borsen 5701 5700 5700 5700

Previous: 5701

High Low Close Prev.

Denmark Borsen 5700 5699 5699 5699

Previous: 5700

High Low Close Prev.

Denmark Borsen 5699 5698 5698 5698

Previous: 5699

High Low Close Prev.

Denmark Borsen 5698 5697 5697 5697

Previous: 5698

High Low Close Prev.

Tuesday's 4 P.M. Close

The 2,600 most traded stocks of the day.
Intraday prices not reflecting late trades elsewhere

The Associated Press

THE ASSOCIATED PRESS

12 Month High	Low	Stock	Div	Yld	PE	55		Low	Last	Chg
						100	High			
A-B-C										
32%	17%	AARs	.34	13	19	644	25%	74%	250	-
37	25	ABM	.48	15	21	318	31%	22%	33	-
25%	25	ABNB	.18	74	-	794	20%	25%	25	-
27%	14%	ABN Am	.42	20	-	100	20%	20%	20	-
43	24%	ABE Lds	.34	17	21	111	34	27%	32%	-
11%	7%	ACRM	.90	100	-	4118	9%	9%	9%	-
10%	7%	ACMP	.54	84	-	2623	9%	9%	9%	-
7%	6%	ACN	.12	350	120	1043	64	64	43	-
14%	7%	ACN	.12	350	120	315	16%	10%	10%	-
10%	7%	ACN	.10	90	-	150	9%	8%	8%	-
15%	10%	ACNHu	.82	62	-	125	14%	14	14	-
20%	10%	ACNtr	.10	52	-	2161	27%	27%	27%	-
5%	5%	AC Tech	.10	17	473	12%	11%	11%	11%	-
5%	5%	ACE Co	.7	21	52	36	4004	45%	42%	-
50%	22%	AFLACs	.26	7	23	52	50%	50%	50%	-
20%	5%	AGCO	.04	5	5	522	10%	10%	10%	-
22%	17%	AGL Res	1.00	50	12	100	21%	21%	21%	-
13	4%	AGB Eews	1.06	10	-	4	570	6%	6%	-
13%	4%	AGI	.10	233	-	500	6%	6%	6%	-
22%	13%	AG Int'l	.10	10	10	1012	24%	24%	24%	-
26	22%	AGM	.17	37	89	2512	21%	22%	22%	-
25%	23%	AGM PEA	2.13	89	-	197	24%	24%	24%	-
31	23%	AMF Bond	.10	60	-	60	15%	15%	15%	-
24%	18%	AMLI Corp	1.76	92	-	15	1763	21%	21%	-
89%	45%	AMR	.10	10	10	97102	68%	68%	68%	-
25%	24%	ANZ Epl	.10	10	10	1012	24%	24%	24%	-
14	2	APT Scl	.10	10	10	200	10%	10%	10%	-
26%	12%	APR Prod	.10	10	10	200	21%	21%	21%	-
70%	13%	ASA Ltd	.38	10	10	200	21%	21%	21%	-
68%	48%	AT&T	.10	21	21	18350	64%	62%	62%	-
27%	13%	AT&T PEA	.10	21	21	19	1190	20%	19%	19%
71%	14%	AT&T T&C	.10	21	21	514	63%	62%	62%	-
15%	10%	AT&T	.10	21	21	2772	17%	17%	17%	-
45%	31%	AT&Tb	.06	13	-	47	616	24%	24%	-
58%	37%	AberFlch	1.19	-	-	47	773	57%	56	-
16%	7%	Abbiq	.40	-	-	2407	10%	9%	9%	-
9%	4%	Accelera	.06	24	24	24	10%	10%	10%	-
25%	17%	Acclaim	.10	10	10	10	13%	13%	13%	-
20%	17%	Accon	.10	10	10	10	10	10	10	-
57%	30%	Acconell	.10	10	10	10	10	10	10	-
17%	3%	Accon Grn	.10	10	10	10	10	10	10	-
23%	14%	Accon	.10	10	10	10	10	10	10	-
23%	14%	Acconet	.10	10	10	10	10	10	10	-
111%	43%	Accon's	1.02	10	10	10	28	10%	10%	-
15%	6%	Acctvities	.82	24	24	1126	10%	10%	10%	-
77%	24%	Acctvits	.82	24	24	100	24%	24%	24%	-
27%	25%	Acctvits PEA	2.32	24	24	4984	82%	81%	81%	-
80%	60%	Accts Int'l	.50	19	19	1190	20%	19%	19%	-
84%	62%	Accts Int'l PEA	.50	19	19	556	35%	35%	35%	-
39%	24%	ACM Int'l	.50	19	19	118	26%	26%	26%	-
8%	5%	Accts Int'l	.50	19	19	347	5%	4%	4%	-
47%	21%	Agribnd	.06	10	-	216	30%	29%	29%	-
15%	7%	Agrium	.11	10	10	601	24%	24%	24%	-
35%	24%	AlphAld	.06	10	10	344	24%	24%	24%	-
45%	25%	AlphProd	.06	10	10	5791	15%	15%	15%	-
20%	11%	AlphRes	.10	10	10	101	15%	15%	15%	-
42%	14%	AlphTrch	.10	10	10	101	15%	15%	15%	-
18%	8%	AlphTrch PEA	.10	10	10	101	15%	15%	15%	-
25%	14%	AlphTrch T&C	.10	10	10	101	15%	15%	15%	-
62%	24%	Alts&R	.10	10	10	101	15%	15%	15%	-
29%	14%	Altrntr	.10	10	10	101	15%	15%	15%	-
24%	14%	Alt7079	.18	69	-	314	26%	26%	26%	-
26%	21%	Alta PEA	.10	10	10	507	20%	21%	21%	-
57%	38%	Altaf	.10	10	10	2441	11%	11%	11%	-
47%	31%	Altaf Int'l	.10	10	10	101	15%	15%	15%	-
29	17%	AlbamCo	5.16	102	102	125	27%	27%	27%	-
17	7%	AlbamCo PEA	5.16	102	102	125	27%	27%	27%	-
14%	7%	AlbamCo T&C	5.16	102	102	125	27%	27%	27%	-
74%	40%	Albach	.72	10	9	154	13%	13%	13%	-
24%	14%	Albach Engy	1.72	10	10	641	24%	24%	24%	-
14%	14%	AlbachTeddy	.06	10	10	16	35%	21%	20%	-
45%	33%	Albegrace	.21	5	5	367	41%	41%	41%	-
21%	4%	Albetr Tel	.56	10	10	101	15%	15%	15%	-
64%	31%	Alber	.56	10	10	101	15%	15%	15%	-
47%	31%	Alberco	.10	10	10	101	15%	15%	15%	-
61%	30%	Alberco PEA	.10	10	10	101	15%	15%	15%	-
24%	14%	Alberco T&C	.10	10	10	101	15%	15%	15%	-
74%	40%	Albertr	.10	10	10	101	15%	15%	15%	-
24%	14%	Albertr PEA	.10	10	10	101	15%	15%	15%	-
27%	14%	Albertr T&C	.10	10	10	101	15%	15%	15%	-
32%	18%	Albertrd	.10	10	10	101	15%	15%	15%	-
52%	38%	Alph A	.10	10	10	101	15%	15%	15%	-
47%	31%	Alpharm	.10	10	10	101	15%	15%	15%	-
97%	19%	Alpharm Int'l	.10	10	10	101	15%	15%	15%	-
31%	19%	Alpharm Int'l PEA	.10	10	10	101	15%	15%	15%	-
51%	27	Alpharm Int'l T&C	.10	10	10	101	15%	15%	15%	-
55%	40%	AmBanc	.40	10	10	101	15%	15%	15%	-
24%	14%	AmBanc PEA	.40	10	10	101	15%	15%	15%	-
31%	19%	AmBanc T&C	.40	10	10	101	15%	15%	15%	-
61%	44%	AmBancs	.61	10	10	101	15%	15%	15%	-
44%	35%	AmBancs Int'l	.61	10	10	101	15%	15%	15%	-
10%	5%	AmBancs Int'l PEA	.61	10	10	101	15%	15%	15%	-
12%	5%	AmBancs Int'l T&C	.61	10	10	101	15%	15%	15%	-
22%	14%	AmBancs PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C	.61	10	10	101	15%	15%	15%	-
27%	14%	AmBancs Int'l PEA	.61	10	10	101	15%	15%	15%	-
38%	24%	AmBancs T&C	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C PEA	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C T&C	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
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31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
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24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&C Int'l PEA	.61	10	10	101	15%	15%	15%	-
31%	19%	AmBancs T&C Int'l T&C	.61	10	10	101	15%	15%	15%	-
24%	14%	AmBancs T&								

Singapore Cuts Wages To Aid Firms

Compiled by Our Staff From Dispatches

SINGAPORE — The government detailed sweeping pay cuts for civil servants and private-sector workers Tuesday as part of an effort to help pull the island out of recession and sharpen its competitive edge against lower-cost neighbors.

Deputy Premier Lee Hsien Loong, calling the economic crisis in Asia the island's "worst problem since independence in 1965," announced a raft of measures to cut business costs by 10.5 billion Singapore dollars (\$6.4 billion) a year.

This will be done mainly through a reduction in employer contributions to a state pension fund from 20 percent to 10 percent of workers' salaries for the next two years and wage cuts of 5 percent to 8 percent.

The plan — first announced in broad terms Nov. 11 — also includes a widening of the budget deficit, tax rebates for companies, cuts in utilities, rental and transport charges, and a reduction in petroleum duties. Personal tax rebates are being worked out as part of the budget proposals for the next financial year, Mr. Lee said.

Singapore has been spared the worst of the Asian turmoil because of its high currency reserves, negligible debt and other strong economic fundamentals, but the economy has slipped into recession after posting 7.8 percent economic growth in 1997.

While the cost-cutting may help prevent the economy from shrinking next year, Mr. Lee said, a recovery "depends on developments in the region and the broader international economy."

The government is hoping that cutting costs will make Singapore more competitive with its neighbors and avert the need for a further weakening of the Singapore dollar. The currency has fallen 14 percent against the U.S. dollar since July 1997, compared with a mere 40 percent plunge in currencies such as the Malaysian ringgit and the South Korean won.

The package detailed Tuesday is projected to reduce government revenue by 3 billion Singapore dollars. Together with a 2 billion-dollar stimulus plan unveiled in June, the measure will cause Singapore's budget deficit to reach about 1 percent of gross domestic product this year and perhaps 3 percent or 4 percent next year, Mr. Lee said. It will be the first deficit for the island-state in more than a decade. (APB/Bloomberg)

Seoul Seeks to Soothe U.S. on Steel

Korean Firms to Try Persuasion in Face of Dumping Allegations

By Don Kirk
International Herald Tribune

SEOUL — South Korea hopes to cool the anger of U.S. steel producers through a public-relations campaign rather than by making concessions, a senior official indicated Tuesday.

The state-minister for trade, Han Duck Soo, said the government was sending a group of South Korean steel manufacturers and policymakers to the United States in hope of convincing influential Americans that Korean companies are not "dumping" steel, or selling it at below-market prices, in the United States.

Rejecting the claims of U.S. manufacturers, Mr. Han said he wanted Americans to understand that South Korea was neither subsidizing its steel manufacturers nor ordering banks to extend special low-interest loans to producers.

"It is certain that the Korean industry is not subject to subsidy and directed lending," said Mr. Han, even though "some perceptions are still lingering on."

While on a visit to South Korea

last week, President Bill Clinton relayed the concerns of U.S. steel producers to President Kim Dae Jung, Secretary of Commerce William Daley, accompanying Mr. Clinton on the trip, warned of the danger of rising trade friction between the two countries. On several occasions, he characterized 1998 as "the year of financial crisis" in South Korea while expressing the fear that 1999 would be "the year of trade crisis."

Korean officials denied that Mr. Clinton and Mr. Kim had expressed misgivings about trade, even though Mr. Clinton warned against protectionist tendencies in both the United States and South Korea.

"Basically, the new government here is in favor of free trade," said You Jong Keun, a key economic adviser who met with Mr. Clinton during his visit. "There is a temptation to protectionism," he said, "but we made a decision for openness."

South Korean companies sold \$1.32 billion of steel in the United States in the first nine months of this year, up 68.4 percent from the like period last year, according to

U.S. Commerce Department figures. South Korean exports to the United States totaled \$17.4 billion in the same period, up 2.4 percent, while U.S. exports to South Korea came to \$10.7 billion, down 43.4 percent.

American and European steel manufacturers complain that banks, propped up by government funds, are subsidizing weak South Korean specialty-steel companies through low-interest loans. At the same time, they say, the government-owned Pohang Iron & Steel Co., also known as POSCO, is exporting iron and steel at below-market prices.

So far, the Commerce Department has not found that South Korean manufacturers have been dumping steel on U.S. markets, though it has ruled that Japanese and Russian steelmakers are pricing their products too low.

Mr. Han said he hoped the mission would succeed in convincing the Americans that the devaluation of the South Korean won was responsible for a drop in the price of South Korean motor vehicles as well as of steel on U.S. markets.

DEFLATE: Economists Ponder a Plague From the Past

Continued from Page 1

the deflationary abyss that everyone is talking about," said James Paulsen, chief investment officer of Norwest Investment Management in Minneapolis. Or, he said, "this could be the deflationary boom."

Already, portfolio managers are rethinking the kinds of stocks they own as they confront a changing environment: Many companies are finding that they cannot easily raise prices and are facing the deflationary effects of economic mirmot in regions like Southeast Asia.

There is no need to swoon. As noted by Richard Hoey, chief economist at Dreyfus Corp., investment mistakes tend to be made whenever people work with "giant investment scenarios" — often in response to scattered current events that extrapolate into overarching trends. Mr. Hoey remembers when people pontificated about triple-digit inflation in the early 1980s — just as inflation was peaking.

Still, if something new is going on here, it makes sense to think about the implications.

What distinguishes the kind of

deflation that destroys nearly everything in its path from the good deflation that marks a productive economy? Demand. As long as falling prices encourage people to keep buying in greater volumes, the overall economy can continue to hum along. When people stop buying, because they start losing their jobs or want to put off their purchases, deflation can spiral into depression.

Such potentially demand-destroying events are unfolding in countries such as Indonesia. For now, the country is experiencing high inflation, because it devalued its currency, the rupiah. But Indonesia is awash in people who can no longer afford to consume — unemployment is rising, with roughly a fifth of workers now unemployed — and its economy is expected to contract by at least 15 percent this year. High rates of inflation like those in Indonesia, a result of higher prices for imports, can foreshadow deflation as countries sink into depression.

The United States last saw devastating deflation during the Depression — a result of the popping of a credit-induced bubble — that could wipe out about half the current value of the stock market, sending share prices to levels last seen in 1995.

One has to hope so. In a vicious deflation, assets such as real estate and stocks go into free fall. Very little is spared, and the wreckage is magnified by the borrowing that companies and individuals undertook to buy those assets, as collateral collapses in value and margin calls on stocks mount.

"If it's ugly deflation, you'll want to get out of stocks," said David Tice, who runs his own money-management firm in Dallas. He sees the United States facing sharp deflation — a result of the popping of a credit-induced bubble — that could wipe out about half the current value of the stock market, sending share prices to levels last seen in 1995.

Stalled Talks Endanger Cathay Bid

Compiled by Our Staff From Dispatches

MANILA — Cathay Pacific Airways' planned investment in Philippine Airlines Inc. appeared in doubt after a government official said Tuesday that the Philippine carrier had broken off talks and resumed negotiations with Northwest Airlines Inc.

Ronaldo Zamora, executive secretary to President Joseph Estrada of the Philippines, said Lucio Tan, the chairman of Philippine Airlines, had flown to the United States to resume talks with Northwest after Cathay made "unacceptable" demands that included firing some 200 pilots.

"Mr. Tan said he has an obligation to these pilots and that it would be bad to enter a deal that will kick out those who were loyal to him during rough times," Mr. Zamora said.

In Hong Kong, Katherine Wang, a spokeswoman for Cathay Pacific, said talks with Philippine Air had not ended. Cathay has been studying an investment — a 40 percent stake that analysis would cost about \$130 million — for about three months, she said, adding, "We can confirm that negotiations with PAL continue. We don't want to comment on what other people are saying."

Some analysts said Cathay Pacific might be better off without making an investment in PAL.

Facing a slump in business, Cathay Pacific has enough problems of its own and does not need to be burdened by PAL's woes, said Robert Sasso, an analyst at SG Securities.

Cathay Pacific's prospects for the next two years are already "looking very gloomy because of the regional economic crisis," he said, adding, "This is just one layer of uncertainty being removed."

Mark Simpson, an analyst at Nomura Securities International, said, "It would be a good thing if the deal were off, as I don't see Philippine Airlines is that good an investment for Cathay." But, he added: "Northwest Airlines is an unlikely savior for Philippine Airlines. How much traffic is there between the U.S. and the Philippines?"

PAL, which suspended operations for two weeks starting Sept. 23 after it stopped servicing its debts, reported heavy losses for its most recent quarter. It says a capital infusion is needed to bring the carrier back to profitability.

(Bloomberg, Reuters)

Investor's Asia

Hong Kong	Singapore	Tokyo
Hang Seng	Strats Times	Nikkei 225
11000	1550	17000
10000	1400	16000
9000	1250	15000
8000	1100	14000
7000	950	13000
6000	800	12000
J JASON	J JASON	J JASON
1998	1998	1998
Exchange	Index	Tuesday
Hong Kong	Hang Seng	Close
Singapore	Strats Times	Prev. %
Sydney	All Ordinaries	Close
Tokyo	Nikkei 225	Change
Kuala Lumpur Composite	488.66	+2.62
Bangkok SET	383.56	-1.73
Seoul Composite Index	460.79	+1.59
Taipei Stock Market Index	7,435.84	+1.69
Manila PSE	1,961.25	+1.22
Jakarta Composites Index	421.08	-1.16
Wellington NZSE-40	1,995.71	+0.46
Bombay Sensitive Index	2,903.56	+0.55

Source: Telekurs International Herald Tribune

Very briefly:

• **Ave Inc.**, the No. 2 Japanese recording company after Sony Music Entertainment (Japan) Inc., said its first-half profit net profit fell 23 percent, to 1.21 billion yen (\$10 million) as the company's tax burden more than doubled. Pretax profit rose 24 percent, to 2.5 billion yen, and sales rose 2 percent, to 22.8 billion yen. The company predicts that full-year profit will rise 23 percent, to 3.58 billion yen.

• **Guangdong Enterprise (Holdings) Ltd.** made a \$22.2 million coupon payment on a \$500 million 10-year Yankee bond due in 2007. Merrill Lynch & Co. said the payment, coming in the wake of an \$8.75 million default by the financial arm of Guangdong International Trust & Investment Co., eased concern over Chinese government bonds, analyst said.

• **Indonesia** plans to sell stakes in just six state companies this fiscal year, instead of the 12 originally planned as one of the conditions for a \$49 billion international aid package. By the end of March, stakes will be sold in the cement company PT Semen Gresik, the international telecommunications company PT Indosat, PT Pelindo, PT Angkasa Pura II, PTP Nusantara IV and one that has yet to be named.

• **PT London Sumatra Indonesia**, one of Indonesia's biggest palm-oil producers, said it was likely to reschedule about \$162 million in foreign debt by the first quarter of 1999. The company, which has about \$70 million due now, is the latest in a string of Indonesian companies talking to foreign creditors and putting its expansion plans on hold.

• Taiwan's gross domestic product grew an annual rate of 4.66 percent in the third quarter, slightly below expectations.

• **South Korea** plans to spend about \$30 billion — most of its budget for investment projects in 1999 — in the first six months of next year to help speed up an economic recovery. The government proposed total spending of \$80.57 trillion won (\$64.74 billion) for next year, of which about two-thirds will be spent on infrastructure and investment projects.

• **SembCorp Industries Ltd.**, one of the biggest Singapore industrial groups, said its Pacific Internet unit, an Internet service provider, was seeking to raise as much as \$37.5 million through a sale of shares in the United States. (Bloomberg, Reuters)

NYSE

Tuesday's 4 P.M. Close

(Continued)

12 Month	High	Low	Stock	DIV Yld	PE	100% High	100% Low	Last Listed Chgs	12 Month	High	Low	Stock	DIV Yld	PE	100% High	100% Low	Last Listed Chgs	12 Month	High	Low	Stock	DIV Yld	PE	100% High	100% Low	Last Listed Chgs
724 DEA	20.2	16.2	714 129	11.75	12.2	20.2	16.2	-	774 600	40.4	41.2	2027 74.9	.75	11.5	40.4	36.2	-	2074 154	11.4	12.1	588 209	19.4	20	19.4	20	-
276 12% REC AG	2.12	1.8	247 278	2.24	2.35	2.12	1.8	-	349 154	1.2	1.3	180 182	1.2	1.3	1.2	1.1	-	315 154	1.1	1.2	112 254	1.2	1.2	1.2	1.2	-
305 25% OGE Enr	1.23	1.1	248 282	1.25	1.26	1.23	1.1	-	349 154	1.2	1.3	180 182	1.2	1.3	1.2	1.1	-	315 154	1.1	1.2	112 254	1.2	1.2	1.2	1.2	-
516 12% GM Co A	1.1	1.05	261 276	1.24	1.25	1.1	1.05	-	349 154	1.2	1.3	180 182	1.2	1.3	1.2	1.1	-	315 154	1.1	1.2	112 254	1.2	1.2	1.2	1.2	-
157 8% GM Co B	1.1	1.05	261 276	1.24	1.25	1.1	1.05	-	349 154	1.2	1.3	180 182	1.2	1.3	1.2	1.1	-	315 154	1.							

Herald Tribune INTERNATIONAL SPORTS

WEDNESDAY, NOVEMBER 25, 1998

PAGE 26

WORLD ROUNDUP

AS Roma Wins on Penalty Kick

SOCER Francesco Totti converted a penalty kick in second-half injury time to give AS Roma a 1-0 victory against FC Zurich in their third-round, first-leg game of the UEFA Cup on Tuesday in Rome.

Zurich players bitterly protested the referee's decision to grant the home team a penalty when Totti was pushed by a defender, Franco Di Torio, close to the Swiss net as he tried to reach a long cross in the 91st minute.

Totti's goal extended Roma's unbeaten streak to 15 games at Rome's Olympic stadium but failed to excite fans who occasionally booted the unimpressive play of the home team before the late-game winner.

"We suffered much more than expected and needed some luck to win the game," said Roma's Czech coach, Zdenek Zeman. (AP)

The Russian forward Igor Kolyvanov scored one goal and set up two others as Bologna trounced visiting Real Betis 4-1, in their UEFA Cup contest.

Kolyvanov fed the Italian striker Daniele Fontolan for the opening goal, in the 26th minute, which gave Bologna a 1-0 halftime lead. The Russian forward made it 2-0 in the 52d with a left-footed drive from a few meters away as he got the pass from Kennet Andersson.

The young Brazilian Eriberto scored Bologna's third goal in the 58th, kicking in a rebound off a shot by Kolyvanov which hit the bar. (AP)

Newcastle Reaches Out for Ferguson

SOCER Ruud Gullit moved to bolster his struggling Newcastle team Tuesday by landing the Everton striker Duncan Ferguson in a £7-million (\$11.5-million) deal.

The transfer was announced the morning after Everton beat Newcastle, 1-0, at Goodison Park. The 26-year-old former Scottish international, who signed a 5½-year contract, is set to team up with the English national team's captain, Alan Shearer.

Ferguson, a folk hero at Everton, is Gullit's first major signing since he took over at Newcastle following the firing of Kenny Dalglish. Gullit hopes the Ferguson-Shearer tandem will provide the firepower the Magpies have been lacking all season.

Joe DiMaggio Said to Be Gravely Ill

BASEBALL Joe DiMaggio, who has been hospitalized for more than a month, has lung cancer and had a heart attack last week, the TV station WPX reported.

The station, which has televised New York Yankees games for 48 years, on Monday night cited three sources who spoke on condition of anonymity. WPX news executives declined to elaborate on the sourcing.

DiMaggio's lawyer denied that the Hall of Famer, who turns 84 on Wednesday, had a heart attack or was gravely ill.

"This is totally false," Morris Engelberg said Tuesday. "Mr. DiMaggio and his family heard this information on the television and were very upset."

WTVI-TV, an NBC affiliate in Miami, also citing unidentified sources close to DiMaggio, said it confirmed he had a heart attack and has lung cancer. The station also said he was on a life-support system. (AP)

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and
Saturdays
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Herald Tribune

THE WORLD'S DAILY NEWSPAPER

Sampras Drubs Kafelnikov to Open Season Finale

The Associated Press

HANNOVER, Germany — Pete Sampras began his bid to make tennis history Tuesday by beating Yevgeni Kafelnikov, 6-2, 6-4, at the start of the ATP World Championships.

Sampras, seeking to become the first man to finish the season ranked No. 1 for six years in a row, crushed the same opponent he beat in last year's final, when he won his title in the elite season-ending tournament.

"I don't want to say it was a statement, but I definitely was very focused," Sampras said. "I think the guys know that this is an important week and it showed."

"I just hope I can maintain this level throughout the week, which is not going to be easy. But today was definitely a good start."

In a battle between the other two players in Sampras's group, Carlos Moya rallied to beat Karol Kučera, 6-7 (7-7), 7-5, 6-3. In the last match of the day, Tim Henman defeated Marcelo Rios, 7-5, 6-1.

Moya, the French Open champion, won his first indoor match of the year, after going 0-5 until Hanover.

The Spaniard turned the match in the second set, when Kučera first double-faulted to the net.

Sampras now has a 10-2 career lead over Kafelnikov and has won their last six matches. He beat Kafelnikov in three quick sets in last year's final.

To remain ahead of Rios, Sampras just has to keep pace with the Chilean. Rios needs to win at least two round-robin matches to have a shot at No. 1.

Sampras has finished the last five years as No. 1 in the

Russian's serve in the opening game of the second set. But Kafelnikov battled back when his passing shots found their range and he pulled level at 3-3.

It proved to be a brief revival for Kafelnikov. Sampras won the next two games and had a match point at 5-3, but Kafelnikov hit a service winner to save himself.

Sampras had trouble closing the match. He wasted four more match points, one on a double-fault and had to fight off a break point. But two straight backhand errors by Kafelnikov finally gave Sampras the victory after 66 minutes.

"I definitely had a lot of work to do in the second set," Sampras said. "I didn't want to do what I did last year when I lost my first match and played a little bit flat. I didn't want to dig myself into a hole, having to win my next two matches."

Kafelnikov was the last player to clinch a place in the \$3.5 million tournament that brings together the eight players with the best results over the year. The round-robin portion consists of two four-man groups, with two players from each advancing to the semifinals.

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Sampras has finished the last five years as No. 1 in the



Pete Sampras hitting a backhand return to Yevgeni Kafelnikov at the ATP World Championship on Tuesday.

Associated Press

world, a record he shares with Jimmy Connors, his fellow American who did it from 1974 to 1978.

McEnroe's Modesty?

John McEnroe claims he's better than any current doubles player in the world.

McEnroe, 39, said he was

fit enough to hold his own on the ATP Tour.

"I am still better than any

of the doubles players who

have played for America in

any of the matches since I

retired," he was quoted as

saying. "I have no doubt in

my mind I am better than any

of the doubles players in the

world."

"I watch these guys on the

main professional tour, and

I'm not too impressed," he

said of the singles players.

"On a given day I could lose

to hundreds, but there's also a

given day where I could beat

most of them. They'd be sorry

if all that matters to him are the

majors. He has been doing

this for years."

Doubles Championship last

week, I almost fell over

laughing."

On Sampras: "I don't what

to sound cynical, but I hope he

realizes how nice it

would be to end up No. 1

again on the computer. It is a

great achievement and cer-

tainly he is underlining the

whole tour by claiming that

all that matters to him are the

majors. He has been doing

this for years."

Big Clubs on the Edge in Politics-Torn Champions League

International Herald Tribune

LONDON — Long nights are drawing in, and the UEFA Champions League is getting real. After four rounds in which the league format trundled along, assuring everyone of more pay-nights to come, the tournament suddenly has a knock-out compulsion.

Big clubs are on the edge. Barcelona against Manchester United and Internazionale against Real Madrid are virtually winner-take-all contests. In earlier rounds, avoiding defeat was enough; now, one point is too little as Wednesday shows us who dares and who deserves to qualify for the quarterfinals.

The Nou Camp at Hanover will throw to 112,000 fans. At San Siro in Milan, 80,000 will buy for victory. At Wembley and in Lisbon, Kiev and Munich, the local partisans will try to breathe intensity into their teams.

But in the Ali Sami Yen arena in Istanbul, there will be darkness and silence. There should have been a tumultuous match — Galatasaray vs. Juventus, Turkey vs. Italy, underdog vs. aristocrat.

Compromise is better than risking life and limb, better than inflaming political and ethnic ire by supposing sport has immunity from life. Yet it is unlikely that a week will withdraw the sting from this situation. UEFA can not resolve issues of international politics, and within the week must probably concede that sporting law has to give way to safety.

Damned if they do, damned if they don't, the soccer rulers will surely give Juventus what it wants, an "easier" away match removed from the turbulence of Turkey. A pity, but

resisting Turkish demands for his extradition, and flags are burning outside the stadium where the champions of each nation were due to meet.

Gianluca Agnelli, the patron of Juventus appealed for the game to be postponed or moved to a neutral venue. His club, which we must remember lost 39 supporters at the 1985 Heysel Stadium tragedy, can never again take security on trust.

"The crisis is too hot and too recent for the game to be staged in two days' time," said Gerhard Aigner, UEFA's general secretary on Monday. UEFA announced a seven-day postponement, with the intention of playing the tie at Ali Sami Yen on Dec. 2.

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Moratti knows results are bad. He knows that the weakness of the flesh, of Ronaldo, of Roberto Baggio and others, is not the fault of the coach. But everyone has injuries. A World Cup year, with its unremitting strain on the limbs and the minds of star players, cripples most clubs. And Inter's visitor, Real Madrid, also loses Spanish league matches it should win while

undergoing surgery to repair a knee injury.

Abdullah Ocalan, the Kurdish rebel leader, is under house arrest in Rome, Italy is

undergoing surgery to repair a knee injury.

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SPORTS

Bledsoe Leads Patriots to a 26-23 Thriller Over Dolphins

By Mike Freeman
New York Times Service

FOXBORO, Massachusetts — Drew Bledsoe was throwing interceptions. The New England defenders were committing crucial face-mask penalties. This was no way for a team that was trying to keep its season alive to play.

But Bledsoe, overcame his mistakes and engineered one of the most dramatic comebacks this season with a last minute, 25-yard touchdown pass to wide receiver Shawn Jefferson that lifted the Patriots to a 26-23 victory over the Miami Dolphins.

Bledsoe took New England on a 15-play, 80-yard drive in just 2 minutes 53 seconds and hit Jefferson as he broke free into the end zone. To keep the drive alive, Bledsoe completed passes on third-and-11, third-and-10, fourth-and-10 and fourth-and-7.

In the second half, neither offense could pull away and capture any real momentum. A 14-10 Miami halftime lead became 14-13 after a 44-yard field goal by Adam Vinatieri and then 17-13 after Orlando Mare's 21-yard kick. New England cut the score to 17-16 in the fourth quarter after a 45-yard field goal.

The Patriots took the lead for the first time after two crucial plays. New England, for much of the game, used a five-wide-receiver set with no running backs, for the first time all year. It seemed to completely confuse the Dolphins.

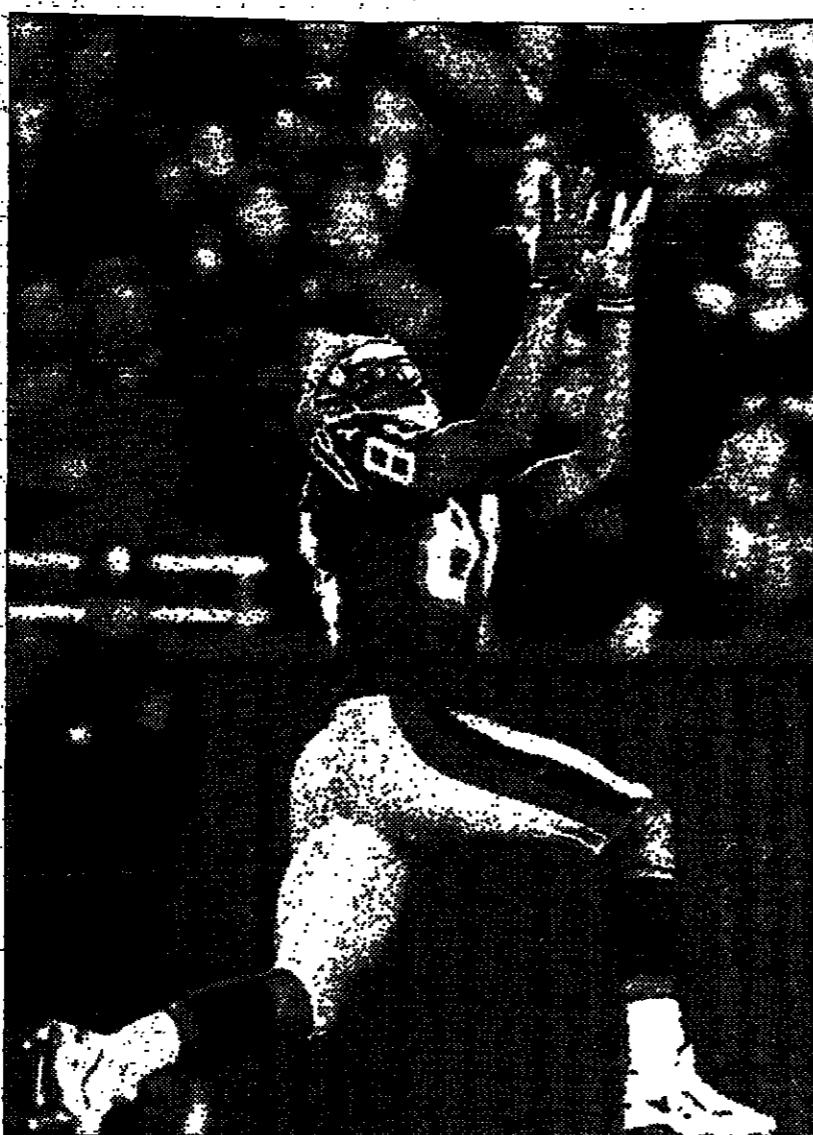
A 49-yard pass to fullback Tony Carter, who was split wide, put the Patriots at the Miami 14. Then Bledsoe, again working out of the five-receiver set, ran a draw play up the middle for seven yards. But a third-down pass was incomplete and the Patriots settled for a 24-yard field goal and 19-17 lead.

That left quarterback Dan Marino, to try and work the late-game heroics. Marino slowly moved the offense down the field, looking like the Marino of old. He was simply brilliant, picking apart the Patriots secondary.

Eventually, Marino put the Dolphins at the New England four-yard line, where running back Karim Abdul-Jabbar ran in, barely untouched, to put Miami ahead 23-19. With 3 minutes and 22 seconds left, Marino took the team 48 yards in eight plays. The 2-point try to wide receiver Lamar Thomas was incomplete after he dropped the pass.

After the score, Bledsoe began a comeback of his own.

Bledsoe, who whacked his hand on the helmet of a Miami player late in the fourth quarter, threw an incomplete pass on third down with less than two



Shawn Jefferson reaching for the game-winning catch for New England.

minutes left. The Patriots called a time-out and Bledsoe had his hand checked.

He came back into the game, threw a fourth-down pass in the face of a blitz 13 yards to Jefferson for the first down to the Miami 40. Then came another fourth down, with six yards to go. Jefferson again made the catch, for 12 yards, to the Miami 25 with 34 seconds left.

The series of passes to Jefferson probably saved the Patriots' season. He had six catches for 131 yards.

This is an eventful time in the often-tumultuous life of the Patriots, whose owner, Robert Kraft, signed an exclusive deal Monday night to negotiate with the state of Connecticut on moving to Hartford in 2001.

Players said that all the talk about moving was not a distraction and that they made jokes about having to sell their homes. But others said that being constantly asked about the move by reporters, family and friends during the week of such a huge game was a major irritant.

Patriots officials were somewhat worried about how fans would react to the announcement before and during Monday night's game. But besides a few obnoxious signs — no more than usual for a Patriots game — and a smattering

of boos when the offense at times stalled, nothing out of the ordinary happened.

More of the Patriots, was getting their offense back on track. On their opening drive, the Patriots went three downs and out, something that has happened often this season. It didn't take Miami long to score, however.

Miami's coach, Jimmy Johnson, made a gutsy call on fourth-and-10 at the New England 35: a pass play to wide receiver Ordonez Gadsden. Gadsden made a great fingertip catch at the 15, then stumbled into the end zone.

The Patriots responded with a touch-down drive that ended with the 245-pound tight end (110-kilogram) Ben Coates scoring after he clearly pushed off the 195-pound safety Calvin Jackson.

The dead giveaway was when Jackson, in the chest by Coates's right shoulder, was vaulted into the air as if he had jets in his shoes. The officials missed the call and Coates had an 8-yard touchdown.

Both offenses were at times dreadful and there were numerous bad calls by officials, including one on a pass play that made Johnson so angry he ran along the sideline waving his arms and screaming for a penalty.

Andrew Cowan of the Mitsubishi

Sydney Olympic Organizer Resigns

The Associated Press

SYDNEY — The Olympic organizing committee in Sydney was rocked Tuesday by the resignation of Rod McGeoch, the public face of the city's 2000 Games bid, who said he was a victim of personal vilification.

McGeoch's resignation as director followed several days of bitter infighting involving the Sydney Organizing Committee for the Olympic Games board, including claims of internal destabilization and political and personal animosity.

The current feud erupted after a story was disclosed to newspapers last week that McGeoch had allegedly demanded a fee of 8,000 Australian dollars (\$5,210) to speak to a U.S. delegation on behalf of the committee.

McGeoch, a lawyer, released declarations signed by himself and his personal assistant Tuesday that stated he had no knowledge of the fee request and that it did not come from the committee.

"I spent three years leaving my professional career, working at something like half my income, not seeing my wife and family for months on end to try and

win this thing for Sydney and Australia," McGeoch said.

"So to walk away from it without seeing it finished is a sad day for me."

McGeoch, who was president of the Sydney group that bid for the Games, and was considered a potential future president of the committee, said he was quitting for the sake of the Games because the city's preparations for 2000 were being damaged.

"I'm the subject of the rumor-mongering that has been going on, so I'm taking myself off the playing field because the Games are much more important than I am," he said.

"Our international image in the Olympic community and elsewhere must be suffering as a result of what's gone on in the last fortnight, and I'm doing my part to make it stop."

The decision came as a surprise to his board colleagues, including Kevin Gosper, an International Olympic Committee board member and committee vice-president.

"I'm surprised and disappointed and I would have thought his decision was unnecessary," Gosper said. "It's a pity he hadn't chosen to talk to one or two

close colleagues."

In his resignation letter to the New South Wales state premier, Bob Carr, McGeoch said he had been the subject of an ongoing campaign of destabilization, despite calls for peace by Carr, Prime Minister John Howard and Olympics Minister Michael Knight.

McGeoch became the first high-profile managerial departure from the committee since Mal Hemmerling quit as chief executive in March 1997.

Hemmerling took over from Gary Pemberton as chief executive officer in September 1995 before quitting to pursue "other career opportunities."

Pemberton was the first president of the committee, assuming a hybrid position of executive president in July 1994 when the proposed candidate for the job of chief executive withdrew at the last minute.

Pemberton quit his second role as president in March 1996 and was replaced by John Iliffe. Mr. Iliffe only lasted six months before stepping down after the Atlanta Olympics in favor of Knight.

Iliffe died last year after a long illness.

Sainz's Blown Engine Propels Makinen

The Associated Press

CHELTHAM, England — Tommi Makinen of Finland claimed a record third-straight world rally title Tuesday when Carlos Sainz's Toyota engine caught fire 300 meters short of the finish line at the Rally of Britain, depriving the Spaniard of the world title.

Sainz, in fourth place at the time, needed only to cross the line 1,000 feet away at the end of the final stage to claim the overall season title, which would have been his third. Sainz's fourth place would have given him three points, one more in the final season standings than Makinen.

Richard Burns of Britain won the rally in a Mitsubishi with an advantage of 3 minutes and 46 seconds over Juha Kankkunen of Finland in a Ford. Bruno Thiry of Belgium was third in another Ford.

The Patriots responded with a touch-down drive that ended with the 245-pound tight end (110-kilogram) Ben Coates scoring after he clearly pushed off the 195-pound safety Calvin Jackson.

The dead giveaway was when Jackson, in the chest by Coates's right shoulder, was vaulted into the air as if he had jets in his shoes. The officials missed the call and Coates had an 8-yard touchdown.

Players said that all the talk about moving was not a distraction and that they made jokes about having to sell their homes. But others said that being constantly asked about the move by reporters, family and friends during the week of such a huge game was a major irritant.

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years but I've never known an occasion like this. I feel very sorry for Carlos and the Toyota team. They must be devastated."

Sainz was the third major star to crash out of the rally. The former world champion Colin McRae went out with mechanical problems Monday while leading the race.

Burns said he was delighted with the victory, which was achieved despite a late scare before the penultimate stage when his crew found a problem with his rear wheel.

Stars Rally to Sink Sharks

The Associated Press

Grant Marshall capped Dallas's three-goal second period with the go-ahead score as the Stars rallied from a two-goal first-period deficit for a 3-2 victory over the San Jose Sharks.

The visiting Sharks thought they had gotten the tying goal Monday night on Ron Stern's rebound with

chances problems Monday while leading the race.

Burns said he was delighted with the victory, which was achieved despite a late scare before the penultimate stage when his crew found a problem with his rear wheel.

Richard Burns of Britain won the rally in a Mitsubishi with an advantage of 3 minutes and 46 seconds over Juha Kankkunen of Finland in a Ford. Bruno Thiry of Belgium was third in another Ford.

The dead giveaway was when Jackson, in the chest by Coates's right shoulder, was vaulted into the air as if he had jets in his shoes. The officials missed the call and Coates had an 8-yard touchdown.

Players said that all the talk about moving was not a distraction and that they made jokes about having to sell their homes. But others said that being constantly asked about the move by reporters, family and friends during the week of such a huge game was a major irritant.

Patriots officials were somewhat worried about how fans would react to the announcement before and during Monday night's game. But besides a few obnoxious signs — no more than usual for a Patriots game — and a smattering

2.5 seconds left, but the goal was disallowed because Stephane Matteau was in the crease.

Derian Hatcher and Joe Nieuwendyk added second-period goals for the Stars. Bill Houlder and Stern scored in the game's opening 5:29 to give the Stars a 2-0 lead.

Maple Leafs 3, Flames 2 Sylvain Cote scored at 7:15 of the third period to lead host Toronto over Calgary.

Steve Thomas and Derek King also scored for Toronto, which won its fourth straight home game. Valeri Bure and Cory Stillman scored for Calgary, which lost its third straight game — all on the road.

Senators 4, Canucks 3 Andreas Johansson scored two goals, including the winner midway through the third period, to lead host Ottawa over Vancouver.

Johansson, who has nine goals, blasted a slap shot past the Vancouver goaltender, Garth Snow.

Shawn McEachern and Magnus Arvedson scored for Ottawa early in the first period. Bill Muckalt, Dave Scatchard and Markus Naslund scored for the Canucks.

DENNIS THE MENACE

PEANUTS



...IN HOPES THAT ST. NICHOLAS SOON WOULD BE THERE

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OBSERVER

Welcome to Your Dotage

By Russell Baker

NEW YORK — We will soon be inundated with nonsense about how wonderful it is to be old. The baby-boom generation, now becoming long in the tooth thick in the middle and sparse on the scalp, will demand it.

And who has ever been foolish enough to deny this vast army of demanders anything it calls for?

Now that it is becoming an army of old crocks, saying "old crocks" will be politically incorrect and punishable by social exile, just as these new arrivals in the land of Old Crockdom once exiled their elders for being "over 30."

The word "dotage" will be stricken from the language when discussing people who have trouble remembering other people's names, and sometimes their own.

What the pity. The land of Old Crockdom has surprising compensations, one of which is the right to say that being in your dotage excuses you from the obligation to remember who Brad Pitt is, or to care.

The last attempt to gussy up the language about old age produced the embarrassingly insincere "senior citizen."

This was cooked up during the 1950s when advertising men were still perfecting the art of using words to fool most of the people most of the time.

Lately there has been an intense advertising campaign declaring that this is "a great time to be silver." This is obviously meant to assure aging boomers that senility's onset will do wonders for their appearance.

The silver of the ad slogan is not clearly defined, but I take it to refer to gray hair.

The product being advertised — what is it? a vitamin pill? — obviously works wonders.

The actors who are having a great time being silver look to be of middle age. I think we are meant to believe that though they may still look young enough to run the Boston Marathon and finish with a fast game of squash, they are actually like Dorian Gray, far into the Social Security years.

As one who still thinks of baby boomers as "kids," I don't want them marching into the new century under the delusion that old age is wonderful. It's not half as bad as it's cracked up to be, but wretched.

Well, every stage of life has its drawbacks. Childhood, which to a great extent is a prison existence, is ridiculously romanticized by adults who have been there and ought to know better.

Compared with old age, adolescence is pure horror: pimples, sexual panic, fear of unpopularity . . . a nightmare. Then 20 years of keeping up with the Joneses, impressing the boss, being untrusted by kids because you're over 30. Call that wonderful?

Then on to midlife with its famous crisis, despair, disappointment, suspicion that life has been wasted.

One of the many rewards for making it to the top of Mount Dotage is the fresh angle of vision that comes from standing up there on the top. (Or, more sensibly, sitting on it.)

Crockdom means no longer having to do most of the things you never really wanted to do when you still thought that doing them could make each stage of life wonderful at last.

New York Times Service

By David Streitfeld
Washington Post Service

WASHINGTON — Best buddies, fellow novelists, cousins: John Edgar Wideman and Albert French are squeezed into a booth at a bakery, telling tales on each other.

"People know John's books, they know the craft, but I know the pressure he's been under," French says. "There was so much pressure on his back, enough to bend a man, but the art still came out consistently. His hand could still write. It wouldn't give in to the problems."

"Would that it wiped them away," Wideman, one of the pre-eminent American literary writers, says almost to himself.

So we're talking here about the healing power of art, how it helps the artist deal with his troubles?

"No," says Wideman with a look that could freeze milk. "There's no such thing as dealing with problems. There's only existing. It's like hanging on to the edge of a cliff, he says. That is not heroic if the only alternative is plunging into the abyss."

Wideman's work is widely reviewed and usually well received, but he is better known for his tragedies. A brother, Robby, in prison for murder, the consequence of a stupid robbery. A son, Jake, in prison for inexplicably stabbing to death a fellow camper.

These crimes have proved irresistible to feature writers, who have a chance to set the super-achieving Wideman — one of the first black Rhodes scholars, the only two-time winner of the PEN/Faulkner Award for fiction, recipient of a MacArthur "genius" grant, winner just a few months ago of a \$25,000 award for excellence in the short story — against his killing kin. Tragedy, chance, destiny: The Widemans offer an opportunity to ponder all the big subjects.

But murder isn't the only prism through which to ponder a family fate has benign sides as well. Forty years ago, when they were both

boys in the Pittsburgh neighborhood of Homewood, no one would have predicted that Wideman and French would be on-stage here recently for a dual appearance in the PEN/Faulkner reading series, successful writers both.

Even now, it is hard to figure. A filmmaker drawing up such dissimilar cousins would be accused of cliché-mongering, going for big contrast and wide comedy. Look at them: Wideman's hands are folded and he's staring straight ahead, but at nothing. He's 57, but lean enough to appear at least a decade younger. He was a boy wonder: His first novel came when Lyndon Johnson was president.

French, 35, is hunched over in his raincoat, perpetually fiddling with a cigarette when not actually smoking one, barely awake. He's a late bloomer, his first novel,

"Billy," appearing five years ago.

A second novel, "Holly," and an autobiography, "Patches of Fire," have also won a share of acclaim.

Still, it took a bit of nerve for French to set his third novel, a tale of punishment and crime called "I Can't Wait on God," in Homewood. He might have grown up there, but Wideman, long ago claimed it as his fictional territory.

"You'd better watch your butt, buddy," Wideman says he told his cousin. Then he laughs, a rare event, and says: "No, no, I didn't say that. I'm sure I said, 'It's your neighborhood, too. I don't own it.'"

But it wasn't that simple. "It did unsettle me a little bit," Wideman concedes. "My son Dan uses our family in stories and articles. As a writer, your ultimate worry is that something might be taken away.

One reason you write is to establish authority. When it becomes a chorus of voices, it might or could impinge on that authority. That passed through my mind. I won't pretend it didn't." Wideman's new novel, "Two Cities," is a story of redemptive love set in Pittsburgh and Philadelphia. He drew on French for one of the main characters, an old man named Mal-



John Edgar Wideman, right, and Albert French.

lor who is a photographer, just as French once was. Not that French himself would know. He hasn't read "Two Cities."

"I don't have to read John's books because I know most of the stories," he says. But there's a bigger reason: "I don't like to read. Now that I'm a writer myself, I have a good excuse: If I read a strong writer, I get their influence on another sheet, and do it again."

He doesn't rewrite much, either. Jokes Wideman: "When he said he doesn't read, he meant he doesn't read himself either."

"I'm frightened, in a way,"

PEOPLE

THE British pop star George Michael says he would gladly work more hours for an AIDS charity rather than spend his court-ordered community service on the telephone. Michael was sentenced to 80 hours of community service after pleading no contest to committing a lewd act in a restroom at a Beverly Hills, California park and was scheduled to begin the service on Monday at Project Angel Food, which delivers 1,000 meals a day to people with AIDS. But on Friday, a Municipal Court judge ordered the singer to fulfill the obligation by phoning schools and children's centers to encourage kids to do charity work. Michael said that he would work "as many hours as [the judge] sees fit" if he is allowed to complete his community service at Project Angel Food, a charity to which he has donated for years.

Dennis Rodman wants out of his marriage to Carmen Electra. The basketball star known as "the Worm" has filed papers seeking an annulment of his marriage to the "Baywatch" actress.

citing "fraud" and "unsound mind." His lawyer, echoing earlier charges by Rodman's agent, says the Chicago Bulls star was intoxicated when the pair wed in a Las Vegas ceremony Nov. 14.

The artistic director of the Vienna Boys' Choir, Agnes Grossmann, has resigned after disagreements about the workload of the young performers, the

choir said. In a statement to the Austrian news agency APA, the choir said she was quitting because of "irreconcilable differences" with its board over her desire to reduce the number of performances by the singers, ages 10 to 13.

David Milch, executive producer of "NYPD Blue," drew on his own health crisis in fashioning a story line for

Jimmy Smits's exit from the series on Tuesday night. Smits's character, Bobby Simone, suffers heart trouble and needs a transplant. "Simone's experience in the catheter lab, taking the angiogram, that was kind of a lived experience," said Milch, who has had several angioplasties to deal with heart blockages. Smits is leaving the police drama to pursue film and other work. He is being replaced by the former child actor Ricky Schroder.

The rocker Marilyn Manson went on a rampage, trashing his dressing room and destroying the band's hotel rooms in Poughkeepsie, in upstate New York, the New York Post reported. Manson and members of his band set fire to a T-shirt and carpeting and smashed lighting equipment in their dressing room before their show, the Post reported. After the show, they destroyed four rooms in the Poughkeepsie Sheraton, burning carpets and staining sinks with hair dye, said Donna McLean, the hotel general manager. She said Manson offered to pay for all of the damage.



MEDALS — President Jacques Chirac with the mime Marcel Marceau after presenting him the Order of Merit in Paris on Tuesday. The French leader also gave the Legion of Honor to the singer Sylvie Vartan.

Director and Composer Win Erasmus Prize

NEW YORK — The Dutch like the way Peter Sellars thinks. The revisionist director, who has transported Mozart's "Nozze di Figaro" to Trump Tower in New York in the 1990s and Handel's "Julius Caesar" to the present-day Middle East, is the recipient of this year's Erasmus Prize, presented by Prince Bernhard of the Netherlands.

Established in 1958, the prize is awarded for contributions to European culture. Sellars and this year's other recipient, the German composer Mauricio Kagel, are "pioneering and nondogmatic freethinkers," said a spokesperson for the Praemium Erasmianum Foundation, which sponsors the awards. Past winners include Marc Chagall, Charlie Chaplin and Ingmar Bergman.



(kick off your shoes)

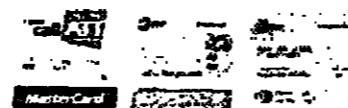
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